

# FOIA MARKER

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**Subseries:**

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**OA/ID Number:** 19510  
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**Folder Title:**  
Climate Change International India [1]

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**White House Climate Change Task Force**

734 Jackson Place, N.W. • Washington, DC 20503

**FACSIMILE TRANSMISSION SHEET**

|                      |                                              |                      |                |
|----------------------|----------------------------------------------|----------------------|----------------|
| <b>To</b>            | NIGEL PURVIS<br>IAN BOWLES<br>TERESA HOBGOOD | <b>From</b>          | DEBBIE<br>REED |
| <b>Office</b>        | ROGER BRUENTINE                              | <b>Date</b>          | 15 DECEMBER    |
| <b>Fax Number</b>    | 647 0753<br>64240<br>647-4221                | <b>Fax Number</b>    | 395-2342       |
| <b>Office Number</b> | 61736                                        | <b>Office Number</b> |                |

**Comments:**

SEE ATTACHED TRANSMITTAL  
FROM INDIA .... SENT TODAY.

**Pages:**

7

, including this cover sheet.

**IF TRANSMITTAL IS INCOMPLETE, PLEASE PHONE**



**INSTITUTE FOR  
SOLID WASTE RESEARCH &  
ECOLOGICAL BALANCE (INSWAREB)**

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U-6/2000  
December 15, 2000

Ms Debbie Reed  
White House Task Force on Climate Change  
The White House  
Washington D.C.

Dear Ms Debbie Reed!

**Sub: CDM Projects between USA and India**

We heartily congratulate your countrymen for resolving the Presidential issue successfully. We hope the administrative issues would be toned up now to the usual tempo of USA.

This has reference to our meeting with Ms Shirley J Neff, Staff Economist, United States Senate (Committee on Energy and Natural Resources) at COP-6. We have discussed the issues on the above subject at length. While feeling sorry for the outcome of COP-6, as the proponents to the cause, we have to give a collective approach to the issue. In this context, please note our observations as follows :

1. We feel that India is used as a tool by OPEC countries to marrow the prospects of Kyoto Protocol.
2. If India is suitably tackled, the grievances of G77 would have been diluted and their voice would have got weakened. For this purpose, the magnitude of fund available to India through CDM projects for development activities is not suitably projected to the awareness of political bosses. This is evident by the approach of India at political level which is either passive or lacking comprehension.
3. There is no much awareness about UNFCCC and the Protocol in India. A handful of officers from the Environment Ministry who seem to have succumbed to the pressures of OPEC countries appear to have been deciding the issues.
4. USA could have been more clueful in tackling the government of India (GOI) at the highest level in order to convince to become a signatory to the Protocol. The awareness program conducted by USA in India is confined to certain hi-fi institutes and a handful of universities. More contact programs with intelligentsia of the society and parliamentarians could have helped to mobilize political will. Positive forces like us have been not tapped for the common objectives.
5. Despite signing a Joint Cooperation Treaty during the visit of Mr Bill Clinton to India, reiterating the commitment of both countries *"to work together and with other countries in appropriate multilateral fora toward early agreement on the elements of the Kyoto mechanisms, including the Clean Development Mechanism"*, the follow up action was not upto the mark.

As the proponents, we are keen that our government should become a party to the Protocol and unhappy for the stand taken by India to this effect. While awaiting your opinions to our above comments, we are keen to be associated with you in changing the attitudes of our government through due mobilization of public support. In this context, an article written by us recently is enclosed. Upon knowing your response, we shall interact further.

With warm regards,

Yours sincerely

  
Dr (Ms) N BHANUMATHIDAS  
Director General

  
N KALIDAS  
Director

Enc: as above

Note: Please send us your e-mail address  
for enclosures.

## WHY DID COP-6 GET INTO STALEMATE? (The fallacy of equity)

Dr N Bhanumathidas  
N Kalidas

INSTITUTE FOR SOLID WASTE RESEARCH & ECOLOGICAL BALANCE (INSWAREB)  
VISAKHAPATNAM

It has been globally realized that rampant emission of greenhouse gases such as carbon dioxide, sulphur dioxide, methane and chloro-flouro carbons increases the temperature on the earth, leading to droughts and floods through the phenomena of elnino and lanino. After considerable deliberations and urgent calls for a global treaty to address the problem, UNFCCC (United Nations Framework Convention on Climate Change) was established in 1992. There were further follow up meetings out of which the event hosted by Kyoto, Japan in 1997 was of high profile attended by about 10,000 delegates, scientists, observers, journalists worldover. This has resulted in a consensus to adopt the famous Kyoto Protocol under which industrialized countries would reduce their combined greenhouse gas emissions by at least 5% compared to 1990 levels by the period 2008-12. This Protocol was dodged without signing by some countries and avoiding ratifications by many other for want of resolving various issues. It was ultimately decided that at the COP-6 (the sixth conference of Parties) held at The Hague in November 2000, the issues would be thrashed out, the Protocol would be given a final shape and put to implementation. The conference was charged with strong determination, carrying themes such as, 'Work it out' and 'Make it or break it'.

But ultimately, after burning oil for over fifteen days, the nations at The Hague could not work out the Climate Change Convention to ratify the Kyoto Protocol. The reasons are many among which the politicization laden with selfishness and irrationality is the predominant reason. It was difference of opinion among three main groups:

- USA, Canada, Japan & Australia as one block;
- European Union as another block;
- G77 and China as the third block;

Notwithstanding the above, it was a tussle between haves (developed countries identified as Annex I countries) and have-nots (non-annex I countries).

The former is assigned with emission caps to comply which a lot of money has to be spent whereas the latter is relieved from such caps. To achieve these caps through emission reductions three mechanisms are designed.

The first mechanism, international 'emission trading' regime allows industrialized countries to buy and sell emission credits amongst themselves. The second one, Joint Implementation (JI) is meant to promote projects towards reduction of emissions within the developed countries. The third one, the Clean Development Mechanism (CDM) is designed in the Protocol that will enable industrialized countries to finance emission-reduction projects in developing

countries and to receive the emission credits. This is the symbiosis for both blocks; the developing countries can rise to meet the objectives of clean environment and sustainable development at somebody's investment and the developed countries can get the credits accrued at somebody's efforts.

The stand of developing countries is understandable to some extent where, developed countries like USA, Canada and Australia have tend to lower their liabilities and the former have opted to bring due pressure. But the adamancy with which the equitable rights are claimed by G77 and China appears to be illogical and impractical. *The meaning of 'equity' in the Convention or Protocol means, while drafting the clauses, the yardsticks and parameters should be common to all wherever applicable. It doesn't mean that the developing countries have the right to increase the emission levels to those of developed nations, vetoing the very purpose of the protocol.*

Each country is destined with geo-ecological conditions by which its mineral potential, crop patterns and overall wealth are decided. For that matter, even the Sun and his temperature are not common to all countries. Such temperature variance, in turn, reflects in variable concentration of background radiation of radio-activity from country to country, giving relief to the poor in tropical countries. The rapidity with which the photosynthesis takes place in tropical countries, resulting in the absorption of CO<sub>2</sub> in commensurate volumes, can not be envied by cold countries. All these factors are the law of nature.

The equitable right is meant to prevent exploitation in the society but can never be practiced in reality. The equality of law and justice, though enshrined in the constitution as fundamental right to all citizens in every country, can not be afforded by poor in any country due to socio-economic implications.

The countries, proponing equality to the Protocol, can not ensure equal municipal amenities to the village dwellers at par to that of city dwellers. The infrastructure facilities such as roads, sewerage, electricity, protected water, parks and socializing locations are not within the reach of villages and mostly concentrated to cities as if the latter are only destined for such privileges. With unchecked population growth in many countries of G77, the argument of *equitable per capita emission* is not to the conviction of developed countries. However, the latter are not inclined to make an issue on this helpless factor of the third world countries. But, at the same time, the developed countries can never concede to the argument of equity which defeats the very purpose of emission reduction targets of the convention.

Developed countries have reached to the present level of emissions by extensive industrialization and automation, over the last one century, which reflects on the consumption of fossil fuels one way or the other. Till a decade back there was no realization at the administrative level of various countries on the issues of climate change despite extensive warnings from the research scientists. By the time the realization has come, it was too late and the per capita emission levels have raised to alarming dimensions in developed countries. But the developing countries, who are relatively at low ebb of industrialization but on the verge of progress, have access to the wisdom and wealth of the former to resort to right strategies of technologies and investment, as facilitated by the Protocol.

Then one may question the scope and compliance of equitable distribution! The developed nations have the wealth amassed through industrialization over decades, but at the cost of global climate. The developing nations have the opportunity to develop carbon credits by virtue of their being modest to tap the fossil fuels on account of various logistics. Hence the carbon credits should flow from developing nations to developed ones and the wealth should flow vice versa. This is the simple and practical principle based on which the visionaries have articulated the CDM that, in turn, facilitates the distribution of carbon credits and wealth hopefully to the equity of all nations.

Dr Benito Muller, Sr Research Fellow, Oxford Institute for Energy Studies, has made some interesting studies on economic impacts to various countries with reference to emission mitigation costs (-) and benefits (+). Though it is a wide guesstimate with a lot of bearing on various variable yardsticks those have to yet to be established, the pattern can be accepted as an indicator. This study says that, when the Protocol is put to implementation, while USA loses about US\$ 65 billions, China and India would be benefited by US\$ 15 and 35 billions respectively. This is nothing but a penalty to USA for its luxurious emission levels and an incentive to China and India for their frugal control on emissions.

Regardless of rationalities, no country accepts the liability to such an extent that effects its GDP to drastic levels, that too when the issues are not localized but that of global ramifications. The Convention and the Kyoto Protocol have made a great success by enforcing the developed countries to submit to the basic framework of mechanisms. This has enormous impact on the internal and overall costs of various factors in the developed countries to slow down their GDP growth rate and, in turn, accelerating that of developing nations. Missing this vital spectrum of fiscal analysis and aiming to strike a deal within this frame, the G77 and China have gone at a tangent with the focus on equity. When this type of deals fail, the giver is enriched by the amount which he is supposed to part with but saved, and the receiver becomes poorer in equal terms, by not receiving the fund. Over and above, the climate change makes the latter further poorer through natural calamities because the burden of droughts and floods are beyond the affordability of developing nations rather than industrialized countries.

It appears that, despite being a member to the Convention, India has faulted in throwing its weight with G77 and China in opposing various issues of the Kyoto Protocol, beyond thwarting the Annex I countries from escaping the liability. This observation is made based on the following analysis :

- G77 block is constituted of OPEC countries who are very unhappy for the cap on use of fossil fuels that would effect their national income. This loss is conceived as US\$ 63 billion per annum and hence the successful implementation of Kyoto Protocol is not to their choice.
- The well-to-do economies of OPEC countries such as Bahrain, Iran, Kuwait, Qatar, Saudi Arabia and United Arab Emirates, are altogether different to that of India. While the fiscal opportunities those can generate out of Kyoto Protocol work favourably for the economic health of India the same act on negative side for OPEC countries.

- India is on the threshold of racing with China on economic reforms. To gain an edge over its competitor, India is summoned to fare better through innovative techniques because China has netted over US\$ 150 billions of foreign exchange reserves as against US\$ 35 billions in Indian coffers. The revenue out of CDM would be an opportunity to improve foreign exchange reserves which is missed by India by delaying to sign the Kyoto Protocol.
- On economic revolution point of view, India's logistics cannot wait for other fellow countries of G77 such as, Angola, Botswana, Ethiopia, Honduras, Lebanon, Mali, Peru, Somalia, Tonga and Vietnam.

But it is most tragic that a few spokesmen from Ministry of Environment are deciding the intricacies of climate change negotiations unmindful of its wider ramifications to the welfare of the country. Even the scientific groups from India, which have gone there as observer organizations, were not taken into confidence. To deal with the negotiations that bring perennial income benefit to the country to the tune of over US\$ 35 billions, the composition of the official representation from India is nowhere a match. It appears, the Ministries of External Affairs and Finance have not applied their judicious analysis on this front. Even the Ministry of Science and Technology remained as mute spectator without making available its scientific rationalities to drive the decisions of Indian negotiators to logical ends.

For a moment, let us assume that the Protocol is suspended from signing for a few years. Who are going to have the brunt of the climate change? It is always the non-developing nations who are on the receiving end of climate wrath. The tangible impact of climate change that reflects as elnino and lanino directly gets manifested as drought or cyclones, exposing the village and slum dwellers of many G77 countries to the ensuing tragedies. Hence, it is in the interest of these countries to vindicate their stand diplomatically rather than going on egos and emotions. It is not fair to extort the developed countries beyond the flashpoint, in the pretext of 'equitable rights' or such other impractical arguments which, in no way, serves the purpose. When G77 and China budge on this stand, it would be easy for the negotiators to pressurize USA block to sacrifice some of their rigid stands. Without such give and take gestures the COP-6 negotiations cannot overcome the stalemate.



## White House Climate Change Task Force

734 Jackson Place, N.W. • Washington, DC 20503

### FACSIMILE TRANSMISSION SHEET

|               |        |               |          |
|---------------|--------|---------------|----------|
| To            | Roger  | From          | David    |
| Office        |        | Date          | 6/16/00  |
| Fax Number    | 6-1736 | Fax Number    | 395-2311 |
| Office Number |        | Office Number | 395-2310 |

Comments:

Pages: \_\_\_\_\_, including this cover sheet.

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To: GRIFF THOMPSON / BELINDA HARRIS - AID  
Cc:  
Fax #: DAVID GARDINER / JOHN GIBSON / JACQUE KRIEGER -  
Phone #: 216-3174, 395-2311 WHCLTF  
From: Dan Balzer  
Subject: Sandstone mtg. on India - 2 pm. today  
Date: 6/15/00  
Pages: 10, including cover sheet

☒ Urgent

☐ For Review

☐ Please Comment

☐ Please Reply

Pls. note room change - 1205.

Attached is nohawl JCG agenda shared w/  
Indians in May. 1st order of business today is  
to work on fleshing this out.

Also attached is recent reporting from Delhi  
as background

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**US-INDIA JOINT CONSULTATIVE GROUP  
ON CLEAN ENERGY AND ENVIRONMENT**

**NOTIONAL AGENDA**  
July 11-12 (tentative)  
Washington, D.C.

- 1. Terms of Reference for the Working Group**
- 2. Multilateral Climate Change Negotiations**
  - *Review of June Intersessional Meetings*
  - *Modalities for an International Dialogue on Developed and Developing Country Action*
  - *Looking Ahead to COP-6*
- 3. Potential Joint Activities in Clean Energy and Environment**
- 4. Opportunities for Commercial Partnerships**
- 5. Venue, timing and theme of next meeting**
- 6. Other Business**

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NEW DELHI 3714

Printed By: Daniel K Balzer 06/15/2000 10:20:58 AM

Subject: CLIMATE CHANGE NEGOTIATIONS: INDIA REITERATES COOPERATIVE ATTITUDE, BUT THE DEVIL REMAINS IN THE DETAILS

Cable Text:

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ACTION OES-01

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FM AMEMBASSY NEW DELHI

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INFO AMCONSUL CALCUTTA

AMCONSUL CHENNAI

AMCONSUL MUMBAI

UNCLAS NEW DELHI 003714

E.O. 12958: N/A

TAGS: SEAN, IN

SUBJECT: CLIMATE CHANGE NEGOTIATIONS: INDIA REITERATES COOPERATIVE ATTITUDE, BUT THE DEVIL REMAINS IN THE DETAILS

REF: (A) STATE 101277, (B) STATE 99089

FOR C, OES, AND SA/INS

1. SUMMARY. EMBOPPS' CALLS AT THE MINISTRY OF EXTERNAL AFFAIRS (MEA) AND THE MINISTRY OF ENVIRONMENT AND FORESTS (MOEF) TO DELIVER DEMARCHES CONTAINED IN REFS (A) AND (B) REVEALED THAT GOI CONTINUES TO EMBRACE THE IDEA OF COOPERATION WITH THE USG IN CLIMATE CHANGE NEGOTIATIONS BUT ALSO CONTINUES TO MAINTAIN POSITIONS ON IMPORTANT INDIVIDUAL COMPONENTS THAT ARE AT VARIANCE WITH OUR OWN. WORKING THROUGH THESE POLICY DIFFERENCES BEFORE COP-6 WILL BE A CHALLENGE BUT CAN SUCCEED WITH STRONG GOI LEADERSHIP PROVIDED BY THE MEA. OUR PROPOSAL TO HOLD THE NEXT JOINT CONSULTATIVE GROUP MEETING IN WASHINGTON JULY 11-12 HAS BEEN FAVORABLY RECEIVED BY THE GOI BUT WILL NEED A FORMAL INTERMINISTERIAL CLEARANCE WHICH IS NOW BEING SOUGHT. END SUMMARY.

MOEF

2. ON JUNE 1, JOINT SECRETARY VIJAY SHARMA OF THE MINISTRY OF

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THE ENVIRONMENT AND FORESTS TOLD EMBOFFS THAT THE GOI BELIEVED THAT THE CLIMATE CHANGE NEGOTIATIONS HAVE MADE "IMPORTANT PROGRESS" IN RECENT MONTHS AND THAT ALL PARTIES INVOLVED, INCLUDING THE G-77, ARE "SUBMITTING THEIR VIEWS." BUT, HE DECLARED, "FUNDAMENTAL ISSUES REMAIN THAT NEED TO BE SORTED OUT." ON THE CLEAN DEVELOPMENT MECHANISM (CDM), HE AGREED THAT EARLY ELABORATION OF BASELINE METHODOLOGIES ARE CRITICAL AND THAT RULES RELATING TO THE BASIC ELEMENTS OF ENVIRONMENTAL ADDITIONALITY MUST BE ADDRESSED BY COP-6. FOR EXAMPLE, WHAT ADDITIONALITY IS REQUIRED FOR CDM PROJECT ELIGIBILITY? HE SUGGESTED THAT THE GOI AT PRESENT HAS LIMITED CONFIDENCE IN THE FEASIBILITY OF PROJECTS INVOLVING CARBON SINKS BECAUSE OF THE DIFFICULTY OF MEASURING RESULTS. "THE WHOLE ISSUE OF SINKS AND FORESTS NEEDS FURTHER STUDY," SHARMA STATED. ON COMPLIANCE, HE EMPHASIZED THAT THE G-77 HAS NO COORDINATED POSITION BUT THAT INDIA "THINKS THAT IT SHOULD BE FACILITATIVE," NOT PRESCRIPTIVE. "WE ALSO NEED TO LOOK AT THE FUNDING ISSUES," SHARMA DECLARED.

MEF

3. MR. A. GOPINATHAN, JOINT SECRETARY IN THE UNITED NATIONS SECTION OF MEA, MADE MANY OF THE SAME POINTS TO EMBOFFS ON JUNE 2. HE POINTED OUT THAT "INDIA HAS ACCEPTED THE KYOTO PROTOCOL AND THEREFORE HAS ACCEPTED CDM." MOREOVER, "CDM NEEDS TO BE SORTED OUT BY COP-6 IN NOVEMBER," IN PARTICULAR, THE "NATURE AND SCOPE OF CDM, ITS ACCOUNTING, MONITORING, AND HOUSEKEEPING ASPECTS, AND HOW IT CAN BE MADE OPERATIONAL." NEVERTHELESS, GOPINATHAN STRESSED THE GOI'S READING THAT THE KYOTO PROTOCOL "SAYS THAT THE THREE FLEXIBILITY MECHANISMS WILL ASSIST COUNTRIES IN MEETING THEIR COMMITMENTS, THAT IS, THEY ARE SUPPLEMENTARY TO THESE COMMITMENTS. NATIONAL ACTIONS ARE PRIMARY." HE ALSO RAISED GOI DOUBTS ON THE ASSESSMENT OF CDM PROJECTS. "BOTH CDM PROJECT PARTNERS HAVE INCENTIVES TO MAXIMIZE THE REPORTED RESULTS. HOW CAN WE SORT OUT THE TRUTH? THERE IS A CREDIBILITY PROBLEM. EVERYTHING MUST BE VERIFIABLE." HE ADDED THAT THE GOI OPPOSES "SELF-GENERATED" CDM PROJECTS OFFERED BY HOST GOVERNMENTS. GOPINATHAN ECHOED SHARMA'S ASSESSMENT OF THE "GREAT UNCERTAINTIES" OF MEASURING CARBON SINK PROJECTS. ON COMPLIANCE, HE TOO STATED THAT RULES SHOULD BE "EFFECTIVE" AND "PREVENTATIVE RATHER THAN PRESCRIPTIVE."

WASHINGTON MEETING

4. BOTH SHARMA AND GOPINATHAN EXPRESSED GENERAL AGREEMENT ON THE PROPOSAL TO HOLD THE NEXT MEETING OF THE JOINT CONSULTATIVE GROUP ON CLEAN ENERGY AND THE ENVIRONMENT IN WASHINGTON JULY 11-12. BUT BOTH AGREED THAT A FORMAL GOI INTERMINISTERIAL CLEARANCE IS NEEDED AND WILL NOW BE SOUGHT RAPIDLY.

MEA LEADERSHIP NEEDED

5. COMMENT. THE EMBASSY HAS NOT YET BEEN ABLE TO SPEAK WITH MEA JOINT SECRETARY FOR THE AMERICAS ALOK PRASAD, WHO PLAYED A KEY ROLE IN THE SUCCESSFUL NEGOTIATION OF THE JOINT STATEMENT ON CLEAN ENERGY AND THE ENVIRONMENT THAT PRECEDED THE PRESIDENT'S

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NEW DELHI 3783

Printed By: Daniel K Balzar 06/15/2000 10:20:18 AM  
Subject: GROUND ZERO GCC UPDATE FROM DELHI

Cable Text:

TEDE300

ACTION AID-00

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INFO AMCONSUL CALCUTTA  
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AMEMBASSY BEIJING  
AMEMBASSY BRASILIA

UNCLAS SECTION 01 OF 03 NEW DELHI 003783

ADM AID

SENSITIVE BUT UNCLASSIFIED

FOR G, OES, SA/INS, EAID

E.O. 12958: N/A  
TAGS: SENV, PREL, ENRG, KSCA, EAID, IN.  
SUBJECT: GROUND ZERO GCC UPDATE FROM DELHI

REF: (A) SECSTATE 99089, (B) NEW DELHI 03174, (C) STATE  
101227

NEW DELHI 01 OF 03 3783

SUMMARY

1. IN THE WAKE OF THE POTUS VISIT TO INDIA IN MARCH, THERE  
HAVE BEEN SIGNIFICANT ONGOING EFFORTS BY THE GOVERNMENT  
OF INDIA TO ACHIEVE THE ENERGY EFFICIENCY AND RENEWABLE  
ENERGY GOALS ARTICULATED IN "THE JOINT STATEMENT ON  
ENERGY AND ENVIRONMENT BETWEEN THE U.S. AND INDIA" SIGNED  
IN AGRA BY SECSTATE AND FOREIGN MINISTER JASWANT SINGH

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VISIT TO INDIA. OUR CONVERSATIONS WITH SHARMA AND GOPINATHAN, HOWEVER, UNDERSCORE THAT A GENERALIZED SPIRIT OF COOPERATION WITH THE USG ON CLIMATE CHANGE ISSUES REMAINS WITHIN THE GOI. BUT DISTINCT DIFFERENCES ON INDIVIDUAL ISSUES LINGER. NEVERTHELESS, WE REMAIN HOPEFUL THAT WITH STRONG LEADERSHIP FROM THE MEA, THE GOI WILL SEE FIT TO NARROW THESE DIFFERENCES.

CELESTE  
NNNN

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Printed By: Daniel K Balzer 06/15/2000 10:20:58 AM

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HAS APPROACHED USAID FOR ASSISTANCE TO DEVELOP THE ACTION PLAN

#### BRAZIL STUDY TOUR

5. A RECENT DEVELOPMENT THAT MAY HAVE AN IMPACT ON GOI NEGOTIATING POSITIONS AT THE UPCOMING COP6 WAS A SUCCESSFUL MULTI-STAKEHOLDER STUDY TOUR TO BRAZIL FROM MAY 8 TO MAY 13, 2000. THE STUDY TOUR WAS FUNDED AS PART OF THE ONGOING USAID BILATERAL PROGRAM ON GREENHOUSE GAS POLLUTION PREVENTION WITH THE PURPOSE OF SHARING INFORMATION AND EXPERIENCE WITH ANOTHER KEY DEVELOPING

NEW DELHI 02 OF 03 3783

SUBJECT: GROUND ZERO GCC UPDATE FROM DELHI

COUNTRY ON VARIOUS CLIMATE CHANGE INITIATIVES. THE STUDY TOUR PARTICIPANTS INCLUDED MR. SHASHI SHEKHAR FROM THE MINISTRY OF POWER, MR. V. RAGHURAMAN FROM THE CONFEDERATION OF INDIAN INDUSTRY, MR. BHALACHANDRAN MEHENDALE FROM CREDIT RATING AND INFORMATION SERVICES OF INDIAN LIMITED (CRISIL), AND MR VIVEK KUMAR FROM DEVELOPMENT ALTERNATIVES.

6. THE OBJECTIVE OF THE STUDY TOUR WAS TO SHARE INFORMATION ON CLIMATE CHANGE INITIATIVES BEING ADDRESSED IN INDIA AND BRAZIL. THE TOUR WAS STRUCTURED TO FAMILIARIZE THE INDIAN PARTICIPANTS WITH THE COMPONENTS OF THE BRAZILIAN CLIMATE CHANGE PROGRAM: POLICY DEVELOPMENT AND IMPLEMENTATION, PROGRAMATIC ISSUES, INFRASTRUCTURE DEVELOPMENT, INSTITUTIONAL STRUCTURES, PROJECT FINANCING AND PARTNERSHIPS. THE INDIAN PARTICIPANTS MET WITH SENIOR MEMBERS OF THE BRAZILIAN GOVERNMENT, INDUSTRY, FINANCIAL INSTITUTIONS, ACADEMIA AND NGOS.

7. THE STUDY TOUR RESULTED IN: (1) ENHANCED APPRECIATION AMONG THE INDIAN PARTICIPANTS ON THE ADVANCED LEVEL OF PREPARATION THAT BRAZIL HAS ALREADY UNDERTAKEN FOR COP6 AND THE DEVELOPMENT OF A PORTFOLIO OF PROJECTS; (2) INDIAN AWARENESS OF THE FUNCTIONING OF THE BRAZILIAN INTER-MINISTERIAL COMMISSION ON CLIMATE CHANGE AND OF THEIR INTEGRATION OF ENVIRONMENTAL ISSUES WITH OTHER CRITICAL ISSUES SUCH AS TRADE, TECHNOLOGY TRANSFER AND FOREIGN / PRIVATE SECTOR FUNDS FLOW FOR GCC PROJECTS; AND (3) A PROPOSAL BY CYLVAN MEIRA, HEAD OF THE BRAZILIAN SPACE AGENCY AND A MEMBER OF THE BRAZILIAN CLIMATE CHANGE NEGOTIATING TEAM, FOR GREATER FORMAL OR INFORMAL CONSULTATIONS BETWEEN INDIA, BRAZIL, CHINA AND THE U.S. ON ISSUES RELATED TO THE CLIMATE NEGOTIATIONS.

8. SINCE THEIR RETURN LAST WEEK, THE STUDY TOUR PARTICIPANTS HAVE ALREADY BEGUN INTERACTION WITH THE GOI LEAD CLIMATE CHANGE INTERLOCUTORS ON THE LESSONS INDIA CAN TAKE FROM THE BRAZIL EXPERIENCE FOR CREATING AN ENABLING ENVIRONMENT IN INDIA FOR SUCCESSFUL CARBON OFFSET PROJECTS. CII'S RAGHURAMAN REPORTED THAT HE

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To: David Gardiner  
x 52311

United States Department of State  
Washington, D.C. 20520

BUREAU OF EAST ASIAN & PACIFIC AFFAIRS (EAP)

OFFICE OF CHINESE & MONGOLIAN AFFAIRS (CM)

FAX COVER SHEET

DATE: 6-5-2000

TO: from: Ted Osius

FAX: \_\_\_\_\_

PHONE: \_\_\_\_\_

FROM: EAP/CM: Jonathan Fritz

FAX: 202-647-6820

PHONE: 202-647-7628

NUMBER OF PAGES INCLUDING COVER SHEET: 4

REMARKS:

Ted: We haven't sent this out inter-agency just because we haven't finished tinkering with it in-house, but certainly wanted your input before distributing widely.

Jonathan

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**Draft Agenda for U.S.-China High-Level Dialogue  
Beijing, July 2000**

**Day 1**

**Opening Plenary (2 hours)**

- Brief Opening Statements (China leads/US responds)
- Review of progress under the Environment & Development Forum (China leads/US responds)
- Goals for COP-6 (US leads/China responds)

**BREAK**

**Negotiator-Level Working Group (4 hours)**

- Buenos Aires Plan of Action (US leads/China responds)
- New and Creative Ideas for Cooperation

**Evening - To Be Determined**

**Day 2**

**Resumption of High-Level Plenary (4 hours)**

- Report from previous day's working group discussions (China leads/US responds)
- Buenos Aires Plan of Action - further exploration (China leads/US responds)
- New and Creative Ideas for Cooperation - further exploration (US leads/China responds)
- The Road Forward (China leads/US responds)

**Evening - To Be Determined**

JUN-05-00 MON 05:48 PM 5555

202 847 6820

FAX NO. 033333

Post-it Fax Note 7671

|                    |                 |
|--------------------|-----------------|
| Date 6/5/00        | File #          |
| To Jonathan Fritz  | From Muriel Guo |
| Co. Dept.          | Co. EST Beijing |
| Phone #            | Phone #         |
| Fax # 202-647-6820 | Fax #           |

中华人民共和国外交部条约法律司

Department of Treaty and Law  
Ministry of Foreign Affairs  
People's Republic of China

2 Chianan Street, Beijing

Tel: (86 10) 6596 3200

Fax: (86 10) 6596 3209

Date: 5<sup>th</sup> June 2000

Fax: 6532 6423

To: Robert A. Armstrong  
Acting Counselor,  
Environment, Science & Technology  
U.S. Embassy in China

From: Guo Xiaofeng  
Department of Treaty and Law  
Ministry of Foreign Affairs

Subject: Sino-U.S. High Level dialogue on Climate Change

Dear Mr. Armstrong,

In response to your fax dated May 25<sup>th</sup>, 2000 and with the instruction of Mr. Guo Feng, Deputy Director General of Department of Treaty and Law, I would like to inform you that we accept your proposal that Sino-U.S. high level dialogue on Climate Change will be held on July 12<sup>th</sup> - 13<sup>th</sup> in Beijing.

With regards,

Guo Xiaofeng

邵晓峰

Department of Treaty and Law  
MFA

OPTIONAL FORM NO. (7-00)

**FAX TRANSMITTAL**

|                                    |                       |
|------------------------------------|-----------------------|
| To Mr. Duncan Marsh                | From Jonathan Fritz   |
| Dept. Agency U.S. State Department | Phone (6.03) 647-7628 |
| Fax #                              | Fax #                 |

GENERAL SERVICES ADMINISTRATION

# The Energy Daily

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27

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Friday, June 16, 2000

ED Volume 28, Number 116

## PPL Plucks 1 Million Customers In Brazilian Electricity Market

BY GEORGE LOBSENZ

PPL Corp. Thursday picked up a cool 1 million customers in the Brazilian electricity market by winning the right to buy an 84.7 percent interest in Companhia Energetica do Maranhao, a power distribution company serving the northeastern part of the country.

PPL Global Inc., the development and international operating subsidiary of PPL, will pay about \$289 million for CEMAR, one of the lowest prices ever paid for a Brazilian distribution company on a dollars-per-customer basis, according to PPL officials.

In one stroke, the purchase more than doubles PPL's existing customer base in Latin America, where it now provides electricity to more than 800,000 in Chile, Bolivia and El Salvador.

CEMAR serves about 977,000 customers in the northeast Brazilian state of Maranhao, and sold about 2,293 gigawatt-hours of electricity during 1999.

In addition, PPL officials said CEMAR offered significant growth opportunities because only 70 percent of the State of Maranhao has electricity service. They said electricity demand in the CEMAR service area grew at an average annual compound rate of 7.5 percent from 1985 through 1999 and that attractive growth was expected to continue during the next decade.

"Brazil is the largest electricity market in Latin America and its economy is growing steadily," said William Hecht, chairman, president and chief executive officer of PPL Corp. "The northeast region's above-average economic growth makes CEMAR a strong platform for PPL's entrance into the Brazilian market."

"This acquisition is consistent with PPL's strategy to make price-disciplined investments that attain the appropriate scale in a target market." (Continued on page 2)

## Greens Hammer U.S. Plan To Ease Cost Of Climate Treaty

BY CHRIS HOLLY

Environmentalists blasted the Clinton administration Thursday for proposals to ease the cost of complying with an international treaty on climate change, saying the U.S. plan would open gaping loopholes in the accord.

However, industry officials backed the U.S. proposals as necessary to provide flexibility in meeting emission reduction requirements.

The unusually harsh criticism from environmentalists came on the eve of the final day of a two-week negotiating session in Bonn, Germany, where diplomats from 160 nations gathered to spell out positions on a variety of key issues in the treaty, the Kyoto Protocol to the United Nations Framework Convention on Climate Change.

The environmentalists, speaking to reporters on an overseas conference call, praised a European Union proposal for enforcing compliance with the treaty and criticized a U.S. compliance proposal that would allow industrialized nations to bor-

(Continued on page 2)

## Merger Complete, AEP-CSW Eyes Retail Power Market

BY TINA DAVIS

American Electric Power said Thursday it had completed its marathon merger effort with Central and South West Corp. and was now gearing up for what may prove an even tougher race—the battle to earn money as a residential and small business electricity retailer.

AEP laid out its basic business strategy after announcing that it received the last of 12 federal and state approvals necessary for its merger with CSW.

By some measures, the new AEP becomes the largest electricity company in the nation, with more than 4.8 million U.S. customers, 38,000 megawatts of generation and assets totaling \$35 billion worldwide.

Receiving approval from the Securities and Exchange Commission late Wednesday brought to an end a two-and-a-half year process which began in December 1997, when the two firms announced their intention to merge.

"The approval process was a very lengthy one, but we think the merger is well worth the wait," E. Linn Draper, chairman, president and CEO of AEP, told reporters.

Now that the deal is completed, AEP will turn its attention to three key business sectors: wholesale energy, delivery and retail markets.

(Continued on page 4)

## Plan To Ease Cost Of Climate Treaty Slammed...

(Continued from page one)

row against future to meet as yet unspecified requirements under the Kyoto Protocol to cut emissions by 2012.

But the greens' harshest criticism was aimed at U.S. proposals to expand provisions in the treaty that allow industrial nations to offset emissions by planting trees, changing farming practices and other uses of carbon "sinks," or depositories. The United States also proposed giving credit against industrial nation emissions in exchange for their construction in developing nations of nuclear and "clean coal" power plants and large hydropower projects, which environmentalists say all damage the environment.

They charged that if the U.S. proposals were adopted in total, some industrial nations would be able to increase emissions rather than cut them, as the protocol requires.

"Taken together, these positions create a loophole big enough to drive a Ford Excursion through," said Alden Meyer, director of government relations for the Union of Concerned Scientists. "Instead of causing reductions in emissions, which is the aim of the protocol...these kinds of loopholes could allow business-as-usual emissions growth and not get us on the right track."

U.S. officials have said repeatedly that the so-called "flexibility mechanisms" of the Kyoto protocol—the provisions intended to cut compliance costs—need to be as broad as possible to help build industry support as well as improve the odds that the Senate will ratify the treaty.

But Meyer said that argument does not add up.

"The impression the United States has been giving in negotiations for some time now is what they call full flexibility and we call loopholes is necessary to get the Senate to ratify the protocol," he said. "We reject these claims for such a tradeoff as misguided and likely to backfire by draining support for the protocol among environmental, religious and other grass roots constituencies that are going to be needed to press the Senate for ratification."

The environmentalists fear, for example, that rules for carbon sinks proposed by the United States would allow businesses to continue to harvest old-growth forests without penalty, but obtain credit for planting new trees that might not contribute as broadly to biodiversity as the old trees.

Glenn Kelly, executive director of the Global Climate Coalition, a broad group of associations representing fuel producers, utilities, railroads, manufacturers and consumers, said the group fully supports the U.S. effort.

"We have always held that it's vital for the [treaty] parties to maintain the broadest definition of carbon sinks and carbon sequestration, and that they must be applicable in any kind of scenario that's established in the Kyoto Protocol," Kelly said.

"I think the enviro activists like to characterize it as an incentive to destroy forests and put in new forests, but our view is that it promotes forestation and promotes conservation that we think makes sound environmental policy, sound energy policy and is essential to this whole program."

European Union negotiators this week offered a compliance enforcement proposal that would require nations found to have failed to meet their emissions reduction requirement to pay a financial penalty in addition to making up the shortfall plus an emissions penalty. Failure to pay the penalties could cause the nation to lose the right to use flexibility mechanisms.

In contrast, the United States offered a compliance proposal that would allow countries failing to meet their emission reduction targets under the Kyoto Protocol's 2008-2012 compliance period to borrow against future commitments. Mark Kenber, of the World Wildlife Fund's Climate Change Campaign, called the U.S. plan unacceptable.

"Clearly if this is allowed to happen, these might just roll over forever and we might never reach the targets," Kenber said.

Environmentalists and industry officials alike said the two-week negotiations were marked by a degree of cordiality not seen in previous negotiating sessions, a sign that GCC Chairman Connie Holmes said may reflect the realization by the delegates how much work they have to do to settle outstanding treaty issues by late November. Delegates are scheduled to meet then at The Hague to complete work on the Kyoto Protocol so that governments can begin to ratify the accord.

"This has been a very good exchange and a very necessary exchange," Holmes said. "(Everyone) is realizing just how much they have to do before the Hague, and that this going to be an extremely difficult thing to accomplish."

## PPL Gains Brazilian Market...

(Continued from page one)

PPL Global won an international tender for the purchase of the interest in CEMAR, which is being sold by the State of Maranhao, the Brazilian development bank BNDESPAR and Eletrobras, a Brazilian generation company.

News reports said PPL was the only company to bid for CEMAR.

PPL said the acquisition would be accretive to earnings beginning in 2002. The transaction is expected to close in about one week.

The acquisition will bring PPL Global's total investments to \$2.5 billion, including \$971 million in Latin America.

PPL, based in Allentown, Pa., also delivers electricity and natural gas to more than 1.3 million customers in Pennsylvania; markets wholesale or retail energy in 43 U.S. states and Canada; generates electricity at power plants in Pennsylvania, Maine and Montana; and delivers electricity to 1.4 million customers in southwest Britain.

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THE ENERGY DAILY Friday, June 16, 2000

## State Fines DOE Over Failure To Assess Hanford Waste Tanks

The Washington Department of Ecology this week fined the Energy Department a record \$200,000 for failing to complete required inspections of high-level radioactive waste storage tanks at DOE's Hanford site in eastern Washington.

State officials said that under a 1989 cleanup agreement, DOE was supposed to assess the structural integrity of all double-walled tanks at Hanford.

The double-walled tanks are key to the Hanford cleanup effort because they are to receive wastes from the site's aging single-walled tanks, some of which are leaking into soil and groundwater. The double-walled tanks also will take waste generated from other cleanup activities on the site.

Ecology officials said DOE's Office of River Protection, which operates the tanks, provided an assessment report on the double-walled tanks by the Sept. 30, 1999 deadline.

However, a subsequent Ecology review conducted between October 1999 and March 2000 found that DOE had not performed all the integrity assessments prior to the September 1999 deadline.

State officials said their review did not find evidence that any double-walled tank might be in danger of leaking. But they said their review did find one tank might have to be removed from service earlier than scheduled.

Officials at DOE's Office of River Protection acknowledged the tank integrity assessments were deferred, but said they did so in order to focus resources on key safety efforts, including removing high-heat sludge from Tank C-106 and addressing the rapid rise of waste levels in Tank 101-SY.

In addition to the fine, the state ordered DOE to conduct a full assessment of the double-walled tanks by March 2006, with most of the work to be done by the end of this year. If DOE meets the deadline, the fine will be reduced by half.

## Calpine Buys Entergy Plant In Texas

Entergy, saying it had received an offer too good to refuse, announced Thursday it would sell all of its Freestone, Texas power plant project to Calpine for \$61 million.

The sale by Entergy Wholesale Operations involves a 1,000-megawatt, natural gas-fired combined-cycle power plant located about 80 miles southeast of Dallas. The project is in the late stages of development and is fully permitted, with construction set to begin this fall.

Entergy officials said they initially were looking for a partner for the Freestone plant, only to get a sweet offer from Calpine for the whole plant.

"Primarily for financial reasons, it was our original intent to secure a 50 percent partner for Freestone," said Geoff Roberts, president and CEO of Entergy's wholesale unit. "When we began discussions with various parties, Calpine was only interested in purchasing the entire facility because it complements their existing portfolio in [the Electric Reliability Council of Texas]."

"They made us an offer that was economically attractive and exceeded both the full value of Entergy's investment and our expected net present value in the project. Anytime we are able to earn above our cost of capital and realize a return in excess of 30 percent, as we did on this project, that is a good business decision."

Entergy said the sales price covers all development expenditures and previous progress payments on the four combustion turbines and two steam turbines that Entergy had ordered from General Electric late last year.

Entergy Wholesale Operations, based in The Woodlands, Texas, is a subsidiary of New Orleans-based Entergy that focuses on power development, risk management, marketing, and trading of energy commodities.

## NiMo To Freeze Gas Delivery Rates, Promote Competition

Niagara Mohawk Power Corp. this week announced a natural gas rate and restructuring agreement under which it agreed to freeze gas delivery rates for its customers and conduct more consumer education programs to encourage more competition in the natural gas market.

Signing the agreement with NiMo, which freezes rates through August 2003, were Niagara Mohawk, the New York Department of Public Service, the New York State Consumer Protection Board and a number of natural gas marketing firms. If approved by the state Public Service Commission, the settlement will replace an interim agreement that has been in effect since November.

"Niagara Mohawk is pleased that this settlement will keep our residential heating customers' natural gas prices among the lowest in the state," said Joseph Ash, vice president of gas delivery for NiMo. "In addition, the agreement contains provisions aimed at strengthening the ability of natural gas marketers to compete for residential and small commercial customers, and at increasing consumer awareness and understanding of the options available to them."

Niagara Mohawk's large natural gas customers have been able to choose their suppliers since 1986 while all other customers became eligible for choice in 1996. To date, about 12,500 natural gas customers have chosen a new natural gas supplier from the 19 marketers offering service to residential customers and the 42 marketers available to serve commercial and industrial users.

Among the activities Niagara Mohawk will pursue to further promote competition are community-based workshops, trade shows, radio advertising, direct mail campaigns and programs specifically designed to promote the benefits of competition to low-income customers.

Niagara Mohawk Power Corp. is a wholly owned subsidiary of Niagara Mohawk Holdings, based in Syracuse, N.Y. The company delivers natural gas to more than 540,000 customers in eastern, central and northern New York and also provides electricity to more than 1.5 million customers in upstate New York.

Friday, June 16, 2000 THE ENERGY DAILY

## German Utilities Agree To Nuclear Phaseout Plan

Germany's government and electricity industry agreed on a plan Thursday for shutting down the nation's nuclear plants over the next several decades, a long phase-out period that was welcomed by utilities and criticized by environmentalists.

Theoretically, the plan could mean the last German nuclear plant would close just after 2020. But the final shutdown is likely to come several years later because utilities will be allowed leeway on sharing newly agreed production limits among the country's 19 reactors.

Conservative opposition politicians vowed to scrap the plan when they regain power while some of Chancellor Gerhard Schroeder's environmentalist coalition partners attacked it as too slow. But Schroeder said the plan combined a major policy commitment of his center-left cabinet with economic sense.

"We have reached a fair compro-

mise. The issue of nuclear energy has been a divisive one in this country. We have found consensus with the energy industry to get rid of it over the long term," Schroeder told a news conference.

"Everyone can live with 32 years," said Schroeder, referring to the average total operational life the accord will afford for individual reactors.

The German stock market agreed, sending shares in the energy sector higher as traders said the deal removed uncertainty hanging over the industry and was one the companies could live with.

The four companies affected are Veba, Vjag, RWE and EnBW, whose nuclear plants provide a third of Germany's electricity. One industry official called the plan "economically acceptable."

The deal will let the companies use their nuclear plants to produce

an average total working plant life of 32 years of electricity before they must be decommissioned.

Utilities will be banned from building new plants and will receive no financial compensation. Nuclear waste reprocessing will be banned after mid-2005, a key concern for British and French firms now handling German spent reactor fuel.

Environment Minister Juergen Trittin, a leading member of the Greens party who helped negotiate the plan, must sell it knowing many colleagues are dismayed that the near immediate pull-out they wanted has become a withdrawal over three decades.

He hailed the deal as a triumph for the antinuclear movement and his party and argued that the pull-out would be much faster than in Sweden, which closed its first reactor under a similar policy last year, pioneering such moves in Europe.

—REUTERS

## AEP-CSW Eyes Retail Power Market... (Continued from page one)

The latter, what Draper terms "mass markets," will be fraught with difficulties as states go about opening up their electricity markets.

"We fully understand and are successful in retailing to industrial customers, but the mass market is a different sort of business. Residential and small commercial customers will have choice—we are not experienced in dealing with customers that have choice, nor is any other entity in our position.

"I think everybody is examining how they will participate in that business and we haven't made a firm decision about whether we will, or if so, how. But our instincts are that we probably will, given the fact that we have so many customers and believe that we should have an inherent advantage by virtue of that."

AEP has other advantages in that market, Draper argued. "There are a number of characteristics that will be required of a successful retailer. They will have to be skilled at the acquisition of energy at wholesale so that they can then provide it to their retail customers. We think they'll have to have significant scale because we think it will be a low [profit] margin business... We think it will be a business that requires good brand recognition. In each of those categories we think we're in pretty good shape."

What the company lacks, though, is a good understanding of which types of customers are the best, and a sense of how to save on back-office costs by bundling services, said Draper.

The new company does boast the largest coal-fired fleet and the third-largest gas-fired fleet in the United States, and plans to continue its vigorous growth in

the electricity and natural gas trading markets. But, Draper said, "We're fully aware that size is not the measure of the success of the company."

Along with the retail business, AEP will focus on its wholesale business—which includes the trading operations—and on energy delivery. The new AEP will control 200,000 miles of wires, Draper said.

AEP also will continue to look at building or buying generation in key areas, specifically the East Central Area Reliability Council, the Southwest Power Pool and the Electricity Reliability Council of Texas.

Draper said that the company was not "wedded to any particular assets," but added that by taking advantage of pooling accounting tax credits for the merger, AEP was prevented from selling any "significant" assets for two years after closure of the deal, including its D.C. Cook nuclear power plant.

"We are not looking to sell the Cook plant," said Draper, especially not at the low prices that other nuclear plants have been sold for. "My best guess is we will continue indefinitely the ownership of the nuclear plant, [and] we will very likely extend its license for the next 20 years."

Under terms of the deal, valued at \$4.4 billion, shareholders of CSW will receive 0.6 shares of AEP stock. The combined company will be known as American Electric Power, with reported revenues of \$12.5 billion and nearly \$1 billion in net income for 1999.

The company expects to realize nearly \$3 billion in savings over the next 10 years as a result of the merger.

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FLOATED THE CONCEPT OF A BRAZIL-INDIA-CHINA-US GROUP WITH MOEF LEAD NEGOTIATOR VIJAY SHARMA, WHO EXPRESSED INTEREST AND SAID HE WOULD DISCUSS IT WITH GYLVAN MEIRA, THE BRAZILIAN CLIMATE NEGOTIATOR, THIS WEEK IN BONN AT THE SBSTA MEETING. SUGGESTION: THE TCAPP SIOE MEETING ON JUNE 17 IN BONN MAY BE AN OPPORTUNITY TO EXPLORE SUCH A GROUPING WITH CHINA, INDIA, BRAZIL AND THE U.S. GIVEN THAT CHINA HAS RECENTLY SIGNED A STATEMENT WITH THE U.S. SIMILAR TO THE JOINT INDO-US STATEMENT SIGNED DURING THE POTUS VISIT, AND THE FACT THAT BRAZIL IS CONSIDERABLY MORE PROGRESSIVE IN THEIR THINKING ON GCC THAN EITHER CHINA OR INDIA, THIS COULD SERVE AS A VERY USEFUL FORUM.

## "MAKING THE GHOST LOOK REAL"

9. (SBU) VIJAY SHARMA IS ALSO REPORTEDLY ORGANIZING A MEETING THE FIRST WEEK OF JULY WITH CII AND KEY INDUSTRY MEMBERS TO IDENTIFY AND DISCUSS GHG EMISSIONS OFFSET PROJECTS. USAID HAS BEEN WORKING WITH A NUMBER OF PROJECT SPONSORS TO DEVELOP A PIPELINE OF SUCH PROJECTS. SEVERAL OF WHICH ARE NOW READY FOR INVESTMENT. CRIBIL HAS COMPLETED A USAID-FUNDED STUDY INDICATING THAT INVESTMENTS FOR CLIMATE-RELATED PROJECTS IN INDIA WILL BE ON THE ORDER OF USD 1 BILLION PER YEAR. THIS STUDY INCLUDES SOME SECTORAL ANALYSIS AND IS A SOLID FIRST STEP IN THE TYPE OF SECTORALLY-BASED ASSESSMENT OF INVESTMENT POTENTIAL SUGGESTED BY MOEF SECRETARY ANAND (REF. SECSTATE 99089).

10. (SBU) ONE OF THE PROJECTS IN THE PIPELINE, INSTALLATION OF 600 SOLAR PHOTOVOLTAIC IRRIGATION PUMPS FOR WELLS IN ANDHRA PRADESH, IS EXACTLY THE TYPE OF RENEWABLE ENERGY PROJECT MOEF MINISTER BAALU AND SECRETARY ANAND WERE REPORTED (IN SECSTATE 99089) TO HAVE TOLD USC NEGOTIATORS WAS NEEDED TO C ONVINCE THE INDIAN PUBLIC THAT MARKET-BASED MECHANISMS COULD IMPROVE THEIR LIVES. THIS PROJECT IS IN ADVANCED STAGES OF DISCUSSIONS WITH ONTARIO POWER GENERATION (OPG) FOR FUNDING TO MEET OPG'S VOLUNTARY CARBON EMISSIONS REDUCTION GOALS. AN OPG REPRESENTATIVE IN DELHI HAS APPROACHED USAID TO DISCUSS WAYS OF USING THIS PROJECT AS A CASE STUDY TO INCREASE STAKEHOLDER PARTICIPATION AND GOI BUY-IN INTO THE METHODOLOGY PROPOSED FOR CALCULATING THE BASELINE AND

NEW DELHI 03 OF 03 3783

SUBJECT: GROUND ZERO GCC UPDATE FROM DELHI

FORMULATING SUSTAINABLE DEVELOPMENT INDICATORS FOR THE PROJECT. IF THE PROJECT IS WELL RECEIVED BY VARIOUS INDIAN STAKEHOLDERS, INCLUDING THE GOI, THE CANADIAN HIGH COMMISSION IS LIKELY TO PRESENT IT AT COP6 AS A WOBL CARBON OFFSET PROJECT. USAID PLANS TO SPONSOR A WORKSHOP IN INDIA TO ANALYZE APPROPRIATE BASELINE METHODOLOGIES FOR THE PROJECT. THE WORKSHOP WILL INCLUDE GOI OFFICIALS (MOEF, MOP AND MEA), CIVIL SOCIETY AND OTHER PRIVATE SECTOR STAKEHOLDERS.

COMMENT

UNCLASSIFIED

**THE WHITE HOUSE**  
**WASHINGTON**

January 28, 2000

MEMORANDUM FOR JOHN PODESTA

CC: JIM STEINBERG

FROM: ROGER BALLENTINE 

RE: INDIA

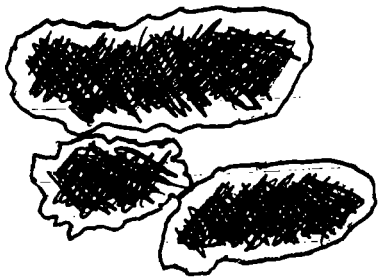
Prompted by Katie McGinty's letter of January 16, 2000, you asked what was happening on the planning of a POTUS – climate change event in the context of an India trip. I have discussed this issue with Jim, and along with Ian Bowles from Jim's (and George's) shop, have begun an inter-agency planning process to prepare an event and deliverables.

This process has been grafted on to the process I led in development of our new international clean energy initiative. India presents the ideal opportunity to promote this initiative, and to deliver some tangible sign that we are committed to helping developing economies grow clean, to promoting export of U.S. clean energy technologies, and to bringing developing countries into the fight against global warming.

We have been in close touch with Katie, Secretary Richardson, USAID, ExIm, State, Commerce and various private sector experts. We hope to build on the Secretary Richardson's earlier success in India and to achieve some additional commitments on the part of the Government of India to reduce greenhouse gas emissions. We also hope to couple this with the formation of a joint U.S.-India, public-private working group/forum/dialogue aimed at promoting the use of U.S. clean energy technology and practices in India's rapidly expanding economy. As part of such an event, we also hope to be able to announce direct and specific benefits to India as part of the clean energy initiative.

I will keep you posted, but please let us know if you have any thoughts at this time.

cc: Maria Echaveste  
George Frampton  
Ian Bowles



Indid - Sandalow/English 1/6/00

- Technology Cooperation Agreement Pilot Program  
↳ NHREL-led.

- What is the proposal?

- announced energy goal w/  
U.S. aid.

- \$45 million AID projects greenhouse gases etc.

- Don Kamp - NSC coordinating trip.

no Barrett

## **Sustainable Energy for the 21<sup>st</sup> Century Initiative**

USAID's international energy programs have strengthened the energy sectors in over 30 countries. In FY 2000, the Agency plans to spend \$227 million on these programs. An important component of this program is capacity building, including those activities that are targeted to improving the financial viability of the energy sector by getting prices right, reducing energy subsidies, and removing barriers to clean energy investment. USAID's long-standing experience, current field capabilities, and flexible contractual mechanisms offer the Administration the tools needed to meet its key Initiative goals of improved existing programs and multilateral cooperation in the electrical production and consumption sectors, and stronger U.S. investment in the international energy sector.

Barriers to advancing U.S. investment in clean technologies overseas include:

- prohibitive legislation and policy that act as disincentives to clean technology investment
- weak international understanding of the advantages of innovative technologies
- high-risk environments that prohibit investment in innovative technology, and
- an inability to steer energy infrastructure requests to cleaner technologies at the proposal stage

Excellent opportunities exist to leverage existing activities and expand USAID efforts to address these barriers. The following are brief examples of the types of programs USAID has underway that can be expanded to meet the goals of the Initiative.

### **SELECTED EXAMPLES OF USAID PROGRAM ACTIVITIES**

#### **Central America**

USAID has regional programs in Central America that address technology transfer, renewable energy and energy efficiency. Recently, the focus has been on restructuring, privatization, and energy sector reform.

In 1996, the Guatemalan Congress passed a law transforming the country's electric sector. The law paved the way for privatization of the generation and distribution sectors, and enabled the establishment of a wholesale electricity market. These changes have attracted private investment in the sector, thus ensuring the long-term development of Guatemala's resources and adequate supply of power at competitive prices.

Reaching this milestone was the result of nearly ten years of technical assistance and support by USAID for private sector involvement. A major challenge was overcoming the existing legal structures in the countries that needed formal changes to make private power a realistic alternative.

Current goals for the regional program include increasing Central America's ability to participate in global markets by reforming trade and investment policies and increasing private investment in energy services.

#### **USAID FY 2000 Energy Program**

**TITLE:** Increased Central American Participation in Global Markets

**STATUS:** Continuing

**PROPOSED OBLIGATION AND FUNDING SOURCE:** FY 2000: \$3,200,000 DA

**INITIAL OBLIGATION:** FY 1995

**ESTIMATED COMPLETION DATE:** FY 2001

#### **Egypt**

Building the foundation for a modern industrial economy, USAID power infrastructure investments have contributed to developing 40% of the country's total power capacity. USAID has vigorously supported policy and institutional reforms. As a result, the Egyptian Government has begun to privatize power generation. The Egyptian Government has recently contracted with a private sector firm to build and

operate a 650-megawatt power station; and has opened electric company divisions to private investment. One of the key results necessary to achieve economic growth includes continued expansion of access to reliable electric power service, which has the potential to increase annual energy sales to the business sector to a total of 4,539 million kilowatt hours. Power Sector Support II targets policy and institutional reforms and infrastructure development. Amounting to over 40% of the total generating capacity of the county, these and earlier successful USAID programs have financed the installation of over 2,500 megawatts of electricity generating capacity and the rehabilitation of an additional 2,500 megawatts of capacity.

USAID is also expanding its Technology Cooperation Agreement Pilot Project (TCAPP) to Egypt in FY 2000. TCAPP works with host-country governments to identify priority technologies and remove barriers to climate-friendly investment. It also works with U.S. companies to match their investment objectives with the host country's priorities for investment.

#### **USAID FY 2000 Program**

**TITLE:** Accelerated Private Sector-led, Export-oriented Economic Growth,

**STATUS:** Continuing

**PROPOSED OBLIGATION AND FUNDING SOURCES:** FY 2000: \$483,022,000 ESF

#### **India**

USAID's energy and industry-related activities include promoting clean energy development, efficient energy use, and pollution reduction in key industries (textiles, cement, fertilizer, and steel), especially with regard to greenhouse gases. USAID is strengthening incentives for the adoption of clean technology practices and certified environmental management systems that are climate friendly, thereby reducing greenhouse gas emissions

In the state of Haryana, USAID identified and developed projects worth \$40 million for the World Bank to improve low-tension electricity distribution. USAID technical assistance in the states of Punjab, Haryana, and West Bengal is helping establish State Electricity Regulatory Commissions to improve power sector efficiency. USAID recommendations have led to the reduction of 2 million metric tons of carbon dioxide emissions by power plants of the National Thermal Power Corporation and by the Gujarat Electricity Board. The signing of a new partnership agreement between leading Indian and U.S. power utilities and regulatory agencies provides a long-term mechanism for the transfer of U.S. technology and experience. USAID's support for renewable energy technologies has resulted in the installation of nearly 200 MW of sugar co-generation plants, (using sugarcane waste for power) that will offset approximately one million tons of carbon dioxide annually. USAID credit assistance to the Indian Solar Electric Light Company helped establish a multi-million credit line for the company to bring power for pumping water, lighting and communication to 2500 rural homes. And, zero-emission electric vehicles, to replace the heavily polluting three-wheelers, are being introduced to India through an Indo-U.S. joint venture brokered by USAID.

#### **USAID FY 2000 Program**

**TITLE:** Increased Environmental Protection in Energy, Industry, and Cities

**STATUS:** Continuing

**PROPOSED OBLIGATION AND FUNDING SOURCES:** FY 2000:\$10,000,000 DA

**INITIAL OBLIGATION:** FY 1995

**ESTIMATED COMPLETION DATE:** FY 2002

**USAID BASELINE EXPENDITURES FOR ENERGY:  
USAID FY2000 Request (in \$1,000)\***

|                          | <b>USAID Baseline</b> |
|--------------------------|-----------------------|
| <b>Foundations</b>       | <b>\$134,170</b>      |
| <b>Efficiency</b>        | <b>\$40,513</b>       |
| <b>Fossil</b>            | <b>\$9,200</b>        |
| <b>Nuclear Fission</b>   | <b>\$24,500</b>       |
| <b>Nuclear Fusion</b>    | <b>\$0</b>            |
| <b>Renewables</b>        | <b>\$18,402</b>       |
| <b>Agency Management</b> | <b>\$0</b>            |
| <b>Sub Totals</b>        | <b>\$227,385</b>      |

\*Notes: This baseline information was compiled, initially, from USAID's Congressional Presentation for FY2000. USAID's CP numbers do not easily fit into the PCAST break-out categories, which is why the categories used for baselines and for funding proposals differ. Since funding levels have changed since February 26, 1999 (the publication date of CP FY2000), budgetary numbers were revised (in October 1999) based on estimates from USAID regional bureau officials.

DRAFT – DRAFT – DRAFT – DRAFT — DRAFT – DRAFT  
Prepared November 18, 1999

Needs intraDOE and State sign off

---

The Honorable Jaswant Singh  
Minister for External Affairs  
Delhi, India

Dear Mr. Minister:

I am writing to thank you for your warm welcome during my recent visit to Delhi. We feel the trip was a success, and want to maintain the momentum of our positive results.

Regarding climate change, I first want to thank you for your leadership and support of the Joint Statement on Energy Cooperation and Related Environmental Activities which you and I signed together. I believe that through this statement and my discussions with you, Minister of Power Kumaramangalam and others while in New Delhi and subsequent Indo-US dialogues at the climate talks in Bonn, that we have moved forward in working more closely together on this critical global issue.

I would like to suggest that we follow-up on our progress by instituting an Indo-US Working Group on Climate Change. I believe it would be most useful to have the group chaired by your Ministry of External Affairs and the U.S. Department of State. I would like to propose that the working group be chaired at the Deputy level, as both Mr. Alok Prasad, Joint Secretary for the Americas, and Mr. David Sandalow, Assistant Secretary of State for Oceans, Environment and Science, both have worked closely on the climate change issue and were instrumental in development of the Joint Statement. Of course, I would offer that the U.S. Department of Energy and the Indian Ministry of Power also play an active role along with other appropriate ministries. I have had some discussions with our State Department and I believe it would support such a proposal. If this approach is acceptable to you, we would propose an initial meeting in New Delhi the last week of January. I look forward to discussing this issue with you further.

In the area of energy cooperation, the roundtable you chaired was most informative. I was please to hear that our previous cooperation had been so successful, and look forward to the time when we can restore our dialogue and collaboration to that level. My staff has worked closely with the U.S. Agency for International Development (USAID) and others to review the proposals in your “

non-paper". Attached is our set of comments on your non-paper. We hope to follow-up with as complete a program of concrete measures as our close relationship, coinciding priorities, and available funding allow.

Our two countries have much in common, and believe that by working together we can pave the way for a most successful visit by President Clinton early next year.

Sincerely,

Bill Richardson

Attachment

MEMORANDUM TO: Rebecca Gaghen, Deputy Chief of Staff

FROM: David L. Goldwyn  
Assistant Secretary for International Affairs

SUBJECT: Secretary Richardson's India Trip

Secretary Richardson traveled to India October 25-27 and his trip was successful on many fronts:

1. On the **diplomatic front**, the Secretary was the first member of the cabinet to met with the new BJP government. He welcomed the new government, confirmed the President's desire to visit India soon, communicated our desire to work more closely with India on energy and environmental issues, and in a gesture of good faith, offered up cooperation in several renewable energy and climate change related projects without any pre-conditions. Alluding to sanctions and differences over non-proliferation issues, the Secretary explained that the U.S. cannot have a one-issue relationship with India. The U.S. embassy in Delhi noted that the Secretary's visit "laid a strong foundation for the President's trip early next year".

2. On **climate change**, the Secretary made a well-received keynote address to the Confederation of Indian Industry's (CII) Summit on Energy, Environment, and Efficiency that was broadcast nationwide. He conveyed the message to a large and attentive audience that "the United States seeks to engage India on energy and environment issues", and complimented CII for its work in promoting a business dialogue on the Clean Development Mechanism (CDM) as a "win-win" strategy for encouraging new investment flows and transfers of clean technology. He made the point that economic growth and clean development can go hand in hand.

He shared the podium with a number of dignitaries, including his official host, Minister of Power Kumaramangalam, and later met separately with Minister of Environment and Forests (MOEF) T. R. Baalu. The Secretary's meeting with Baalu served to improve the atmospherics of the sometimes conflicted dialogue between U.S. climate change negotiators and the MOEF, and established a new chapter in DOE's working relationship by offering prompt review of two forestry projects the MOEF had proposed in 1998 under the U.N. Framework Convention on Climate Change (UN FCCC) Activities Implemented Jointly (AIJ).

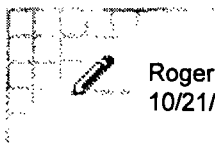
Following his meeting with Foreign Minister Jaswant Singh, a Joint Statement on Cooperation on Energy and Related Environmental Aspects was signed in the presence of the press. After several weeks of negotiation, the U.S. was successful in including language that stressed the two countries would work toward "early agreement on the elements of the Kyoto Mechanisms" and "work closely together with other countries to develop agreed international rules and procedures for the Kyoto Mechanisms, including the Clean Development Mechanism." The Joint Statement reportedly had a positive impact on subsequent UN FCCC negotiations at COP-5 in Bonn, Germany.

3. The **energy cooperation theme** was raised by the Indians in every meeting; they clearly want more cooperation with the U.S. During his meeting with Power Minister Kumaramangalam, the Secretary listened to requests for renewed cooperation in the power sector, and offered up several climate change-related initiatives in renewable energy cooperation, including granting a sanctions waiver for the National Renewable Energy Laboratory's (NREL) Ramakrishna solar energy project in West Bengal, and resuming cooperation under NREL's MOU with India's Solar Energy Centre. As part of DOE's activities with other USG agencies, he announced a USAID regulatory agency partnership signing on November 2, and two upcoming South Asia regional energy conferences with USAID and TDA to be held in Kathmandu in December 1999 and March 2000.

4. As an **advocate for U.S. business**, the Secretary held a breakfast meeting with the American Chamber of Commerce and attended a CII-organized lunch with Indian business leaders to demonstrate his support for increased private investment in India's energy sector. In his meetings with government officials, Secretary Richardson outlined how with the right technology, smart planning and a positive investment climate India can enhance the quality of life of its citizens with the help of American companies. He raised a number of issues relating to improving India's investment climate with government officials.

5. Finally, on **non-proliferation**, the Secretary made it clear to Prime Minister Vajpayee and others that tangible benefits might accrue to India if it were to make progress on the benchmarks. The Secretary delivered a letter from President Clinton, and noted that the U.S. was encouraged by his efforts to develop a national consensus in support of the CTBT and to continue his policy of no testing.

India



Roger S. Ballentine  
10/21/99 08:54:58 AM

Record Type: Record

To: Katie McGinty <kamcginty@hotmail.com>

cc: David B Sandalow/CEQ/EOP@EOP, dsandalow@aol.com, kate.english@hq.doe.gov

Subject: Re: misc

Thank you, thank you. I will pass along any feedback from my meeting with The Man.

On the statement, I am glad to hear your optimism about getting some of that language back in. In addition, I posited to David the question of whether we may want to add (not substitute) some general language that is both consistent with the President's latest rhetoric, and which might be easier for the GOI to swallow. The point would be a supra-Kyoto statement about our joint recognition that the choice for the developing world between growth and the environment is a false one; that the formula for energy and economic growth in the 20th century is not the formula for the 21st century; developing countries have an opportunity that the developing world never had: to grow clean; that the developed world should partner with the developing world to utilize the technologies and opportunities available to achieve robust economic and social development in part *through* a clean energy - based economy.

This would send a very important, albeit general, message to the developing world that will ultimately help us in the "meaningful participation" department. This more general message may also have the added benefit of not being poisoned by the general suspicions directed at us whenever we talk just about the mechanisms.

xxxxoooo,

R



Katie McGinty <kamcginty@hotmail.com>

10/21/99 03:01:17 AM

Record Type: Record

To: Roger S. Ballentine/WHO/EOP

cc: David B Sandalow/CEQ/EOP, dsandalow@aol.com, kate.English@hq.doe.gov

Subject: Re: misc

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Hello Roger!!

Congrats you old married man!! Seriously I wish you and your new wife all the very, very best and much health and happiness always!!

On the climate front--we had a bit of a curve ball yesterday as lower level people apparently were given the pen to write the reply to the draft statement we had forwarded the GOI for review so that it could be signed when Richardson is here.

We are regrouping today. We think we can take most of their statement (which is just mush) as long as they will add in one key paragraph of ours (the penultimate one on our draft). We are putting these suggested changes together now and I will get them to all of you as soon as they are together.

We also are trying to step up the pressure and importance here. We hope that today the Ambassador will speak personally to Mr. NK Singh or Mr. Jaswant Singh and underscore the absolute importance of this to us.

I do not think that there is reason to panic about the statement. I think we will succeed in getting what we need in there.

For your meeting with Secy Richardson: I think you should tell him the state of play on the statement. I understand that he is scheduled to meet with Strobe Talbott on Thurs or Friday. The Secy should urge Talbott to call Jaswant Singh and underscore (1) the importance of this to us; and (2) the fact that we are willing to take just about their whole statement; we need only a few key sentences from our paper in there in order to have a signable statement.

Once we get this statement (which establishes a genuine partnership between the US and GOI on climate), there will be much we can build on for Secretary Albright's visit and then the President. We could, for example, establish an informal working group that could put together a statement of shared principles on the flex mechs--maybe even on future atmospheric allocations. We could also, by the President's visit, work to have an actual climate change project partnership to showcase. We have candidates now. We could work to bring the Indian and the US partners together.

But, job one is to get this statement in better shape. We don't need huge

changes to do that. BUT, THE FEW CHANGES WE NEED ARE ESSENTIAL. And we need to call out all of the big guns (Strobe!!) to be sure it happens!!!

I'm copying Kate English and David Sandalow on this too so they have the latest. I will definitely send more to you all today if there are other developments and/or I will call you tonight.

LATE BREAKING NEWS: I JUST GOT CALLED FROM THE EMBASSY. THEY TELL ME THAT DOE WANTS TO DO A CONF CALL YOUR TIME THURS AM AT 7:45. IF YOU GET THIS EMAIL EARLY ENOUGH, YOU MAY WANT TO JOIN THAT CALL. WE WILL BE INITIATING THE CALL FROM HERE, SO CALL ME ON MY MOBILE LINE IF YOU WANT TO BE ON THIS CALL. 91-98110-18180 (no city code necessary with the mobile). DAVID SANDALOW--I WILL CALL YOU AT YOUR HOME AT 7:15 OR SO TO MAKE SURE YOU ARE ON!!

Best,  
Katie

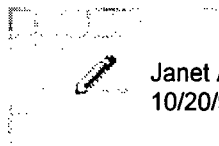
>From: Roger\_S.\_Ballentine@who.eop.gov  
>To: kamcginty@hotmail.com  
>Subject: misc  
>Date: Tue, 19 Oct 1999 16:22:12 -0400  
>

>Hey there! I am back from wedding/honeymoon etc. and raring to go. Please  
>fill me in on the Richardson visit. I am meeting with the Secretary on  
>Thurs a.m.; let me know if there is anything you think I should raise about  
>the trip. I also want to keep working on the potential POTUS trip. If  
>this comes off, I want to work here to make sure climate is on the very  
>highest tier of issues for the trip. As you well know, there will be  
>internal resistance to this. Let's strategize.

>  
>Hope all is well.  
>  
>Roger  
>  
>

---

Get Your Private, Free Email at <http://www.hotmail.com>



Janet Anderson  
10/20/99 06:40:47 PM

Record Type: Record

To: Roger S. Ballentine/WHO/EOP@EOP

cc:

Subject: Sec. Richardson

Roger,

Mark reports Todd had met with the Secretary to discuss overall climate change activities and he has the same expectations with you. He also said the mtg is scheduled to be short. Items that could/should come up:

1. role for the Secretary on climate change, both domestic and international
2. role of DOE on climate change
3. how you are planning to coordinate activities over the next 9 months
4. role of DOE employees at the task force
5. proposed island nation summit and the Secretary's energy summits with Latin America, African and Asian energy ministers

#2: DOE staff are key allies in working with industry and advancing workable positions. They are able to give us analysis and point out opportunities where a little WH attention goes along way; the alternative is to rely solely on EPA.

#3: I presume you'll talk about the oversight group, etc, but also for you, working with Reicher is an advantage as his shop is the main one to provide good news for his events and initiatives.

#4: Here's where you need to make the pitch for me (immediate concern) and the continuing value of Shelley (renewal at year end), and Mary Washington.

#5: I haven't been in the loop on his int'l work (I believe our focus is domestic), but if you see the need, you could make a case for better coordination with DOE and State.

Hope this helps,

J



Katie McGinty <kamcginty@hotmail.com>

09/21/99 06:12:37 AM

Record Type: Record

To: Roger S. Ballentine/WHO/EOP

cc:

Subject: Re: too long

---

Hello buddy!!

Great to hear from you!!

I just sent off a note to Jeff Seabright (he was responding to the info I sent him at his request concerning "the record..."). He also asked what was happening here. So, I'll repeat a bit what I had told him: The short story is that I have been interacting with the Indian government at the highest levels and receiving very positive signals from them. Jim Steinberg reinforced my message as he interacted (on another matter) with one of the senior GOI officials I have been talking to. When that official returned to India, we connected again. And, I also spoke again to another gentleman I have been interacting with on this who truly is at the highest levels here....They re-iterated an interest in trying to work with the US on climate (and particularly on the CDM--which has been my focus here.)

In the meantime, I talked with Secy Richardson's office about the developments and (after checking with David Sandalow) encouraged the Secy to consider a trip here in late October. Specifically, Oct 25-27 would be great. That would be before the ministerial portion of COP 5, and it also would coincide with an Environmental Summit that the Confederation of Indian Industry (the largest business group on the subcontinent and the group that partnered with me on the Washington Indo-US Business Dialogue we held in May) is holding.

To be very clear: The GOI is interested in moving. But, with Osama bin Laden breathing down their necks; Pakistan still killing soldiers; and national elections underway, they have a lot to think about. **THAT MEANS WE NEED A "FORCING FUNCTION"** to secure the necessary attention to climate and to achieve a US-India partnership on this. The top brass here **WANT** to do it. **BUT**, we gotta give them the **OCCASION** to do it!! We gotta give them the reason to really drop some things and now focus on climate.

They would **LOVE** to have Richardson come. He is extremely popular here. And, I now understand that Richardson really would like to do the trip too.

**BUT**, I also understand we have an inter-agency problem. Specifically, the State Dept is claiming "foul" if Richardson comes at that time since it means that he will be the first high-ranking US official to come to India after the installation of the newly elected government (which happens around

October 6). State apparently feels that that right/honor is reserved for them.

Sounds like bunk to me. But, it needs to be resolved quick if we are going to have the time to negotiate a joint position with the GOI.

If State insists on their presumed prerogative, perhaps we can think about getting Frank Loy out here Oct 25-27??? He has been wanting to come and looking for the appropriate time.

BUT---I gotta be honest. No insult to Frank Loy. He is terrific. I am a big fan of his. And as an Undersecretary, he certainly is high ranking. But, I am not sure that I will be able to command the time and attention "at the top" here for a visit from him (as opposed to Richardson). I suspect that I need someone of Richardson's visibility in order to get these people to put the time and effort into the issue that will be required (you see, the issue can't be delegated from the "highest levels" here to functionaries in a ministry to work out the details since the nodal ministry here, the Environment Ministry is where our problem lies on this issue. The leadership here understands that they will have to negotiate this thing out personally since (as they have now confided in me), they know that they completely disagree with the position the Env't Ministry has taken).

So--to get top brass time and attention here (and thereby to overturn the Env't Ministry)--we need to be delivering US top brass. I think we need Richardson. And that means that State has to be dealt with. If that is not going to happen, I'd like to know sooner rather than later so I can see if we can sell Frank Loy.

(Last point: If the current government loses the election and a completely new government (new Prime Minister) comes in on Oct. 6, this whole game is off. BUT--the polls make that look extremely unlikely. The current PM is quite popular and recent international events have strengthened his hand even more. But, just a caveat that, if the unexpected happens and a new PM is in place, then we would can the whole idea until I can work the new leadership. Only then would a high-level visit be advisable. Again, however, that is not likely and at the present time, I think we should push really hard to seize this opportunity).

(Last, Last point: I just want to assure you that I have not represented myself here as someone who can negotiate on behalf of the US government. I have explained what our views have been; I have responded to the objections the Env't Ministry has consistently raised, and that has persuaded the senior leadership here that they should be with us on this. But, I have been clear to them that the next steps would have to be official and I have no "brief" in that regard).

Let me know what you think!

Best, Katie

>From: Roger\_S\_Ballentine@who.eop.gov  
>To: KAMcginty@hotmail.com

>Subject: too long  
>Date: Mon, 20 Sep 1999 17:53:18 -0400  
>  
>In my new position, I am sure that I have made a number of mistakes, but  
>waiting so long to contact you is probably my biggest! How are you? We  
>really do need to connect on what you have cooking. We discussed the  
>proposed Richardson trip today, and I would like to follow up with you on  
>that. We also should discuss the possible POTUS trip.  
>  
>You know, once you get the Indians to cry "Uncle", we may have to send you  
>to China!  
>  
>Hope you are doing great. Let's "chat".  
>  
>xxxooo  
>  
>Roger  
>  
>

---

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Hon. Kathleen A. McGinty  
Senior Visiting Fellow

March 24, 1999

Mr. John Podesta  
Chief of Staff  
The White House  
Washington DC

Fax # 202-456-2710

# of pages including this : Two

Dear John,

Greetings from India! I am hoping that you are very well. News around the release of the budget made clear that, under your able leadership, the environment was in very good hands. Livability, the Lands Legacy—I have to confess it made me miss being in the mix. And I am certain that, as always, these things were accomplished without a hitch or a single dissenting voice....

Life here is an adventure every minute. Most of the adventures are of the "I am so enriched by this experience" variety. More than I should recount, however, are of the "I'm going to die right here, right now" variety! Reincarnation has looked like a very real and immediate prospect on many occasion.

Seriously, Karl and I are absolutely intrigued by the people, entranced by the landscaped, alternately enchanted and enraged by the culture. We are learning a lot; people have been extremely warm and inviting. And, I think we are contributing a bit, too. And therein lies the subject of my note....

I specifically wanted to see if the President would consider meeting very briefly with a group of leading Indian and US CEOs who will be coming to Washington on May 20<sup>th</sup> for a high level dialogue on climate and in particular, in support of the Clean Development Mechanism. Some background follows:

As you might know, the focus of our work here is climate change, and within that subject, we are giving most emphasis to the promise and potential of the Clean Development Mechanism ("CDM"). Our goal is to persuade key Indian leaders of the merit of the CDM and thereby enhance that chances that India might "meaningfully participate" in the climate effort.

To date, this matter has been handled at a mid-level at the Environment Ministry, and there has been little enthusiasm for the concept. Instead, the persons in charge have taken the "North vs. South" approach and have emphasized the "North's" responsibility for the climate change problem. The opportunity for India to meet some of its extraordinarily pressing development needs through the CDM has largely, if not wholly, been missed.

So, our tactic has been to engage those who can bring this perspective to bear. While reaching out to all sectors of Indian society, Karl and I have worked especially closely with the business community. Most business leaders here know nothing of the CDM. But almost without exception, they "get it" instantly. They understand immediately that the marginal cost of emission reductions in India would be a mere fraction of the cost to achieve reductions in the US, Europe and Japan. And they know that that will mean India stands to attract investments through the CDM significantly to improve the transport, power, water and industrial infrastructure here. They want to get involved.

Contd.../-

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2:

Just weeks ago, these interactions developed into an important new initiative. The Confederation of Indian Industry (CII), the premier business organization in India, who has been enthused by our conversations and eager to be involved, took several significant additional steps: They committed to establishing a "Climate Center" at CII. One of their senior officials, someone well respected in government and business circles, has now been assigned to spend fully 50% of his time on this matter and to working with us successfully to engage the business community.

In addition, they've committed to a partnership with us to build an "Indo-US Business Dialogue on the CDM". The purpose of the Dialogue is to have US businesses who have been on the cutting edge of thinking about and implementing market based environmental mechanisms in general and the climate flexibility mechanisms in particular, interact with leading Indian businesses who are eager to learn, and then to become a stronger force within India, in support of those mechanisms.

In addition to these positive developments with the Indian business community, we are engaging government leaders who have not been involved to date. Two weeks ago, for instance, we were able to take the issue "to the top" and have a very productive meeting on the CDM in the Prime Minister's Office. Having never heard of the issue before, the Prime Minister's aids were intrigued and have now committed to focusing on the matter personally. Moreover, they will call on the Finance Ministry and the Planning Commission (roughly equivalent to our Office of Management and Budget) to become more centrally involved. That is a critical step forward and it offers the hope that the economic potential of the CDM will finally be brought to the fore, and therefore that India's position will become much more positive and constructive in the ongoing international negotiations.

Two key milestones in this effort approach: On April 29<sup>th</sup>, CII will kick-off the Business Dialogue amidst great fanfare at their Annual General Meeting—an event that is officiated over by the Prime Minister and that commands the attention of all leading government and industry players.

On May 20<sup>th</sup>, the Indian business leaders will come to Washington where we will gather US CEOs to further encourage Indian support for the CDM. Enron, Dow, DuPont, and BFI are among the US companies who have confirmed their participation in this effort.

I of course understand the endless, impossible pressures on the President's schedule, John. And, I would not ask if I did not feel strongly that we are on to something here that holds terrific promise to change the Indian stand on the climate treaty, and with the Indians, the stand of the developing world as a whole. The President's brief meeting with these leaders would make all the difference.

Thanks for taking a look at this, John. You're my hero either way, but I'd really love you if this could happen— even ten minutes would do...

Best to all my compatriots there. I do miss you all.

Kathleen

CC: Mr. George Frampton, CEQ  
Mr. Todd Stern, WHCCTF

Hon. Kathleen A. McGinty  
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Ian Bowles  
05/19/99 11:40:07 AM

Record Type: Record

To: Roger S. Ballentine/WHO/EOP@EOP

cc:

Subject: bkgrd material/talking points

Roger -- this is the email version of background info that was faxed in to us. Ian

----- Forwarded by Ian Bowles/CEQ/EOP on 05/19/99 11:38 AM -----



Katie McGinty <kamcginty@hotmail.com>  
05/15/99 04:11:49 PM

Record Type: Record

Subject: bkgrd material/talking points

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Todd, David and Beth--Sorry, I sent this out to you early last week. It only just now bounced back. Trying again. I also faxed the bkgrd/talking points memo (the first of the three documents below) to CEQ. Thanks! Katie

INDO-US BUSINESS DIALOGUE ON THE CDM  
Washington, DC  
May 20-21, 1999

Memorandum for: The White House  
From: Katie McGinty  
Subject: May 20th Meeting with Indo-US Business Dialogue  
Date: May 11, 1999

Thank you for agreeing to meet with the industry leaders who are participating in the Indo-US Business Dialogue on the Clean Development Mechanism. The business leaders are particularly enthused about the opportunity to interact with you. These individuals are expending significant time and resources to learn more about and become more engaged in the CDM and climate matters generally. Your acknowledgement and encouragement of their efforts will be an invaluable part of moving India to a more positive place on the climate issue.

Goal: As you well know, securing "meaningful participation" of developing countries in the Kyoto protocol is an essential precondition of US

ratification. The Clean Development Mechanism is the primary vehicle in the treaty through which developing countries can participate. To date, the Government of India (GOI) has been largely negative on the CDM. The business voice in India has not, however, been heard on the matter. The Dialogue aims to engage Indian business leaders and impress upon them the economic opportunity presented by the CDM to provide important new financial flows for much-needed technology and infrastructure improvements in their businesses and in India as a whole. The Confederation of Indian Industry (CII) is the premier business organization on the subcontinent. Their positive engagement on this matter offers real promise of moving the GOI to a more supportive and cooperative position. The goal of the Dialogue, therefore, is further to convince Indian business of the merit of the CDM, and to mobilize them on the issue with the GOI.

Timing and Location: I understand that the meeting will occur in the Roosevelt room. Exact time is to be determined, but I understand we will begin between 8:30 and 9:00 am.

Format: I understand that John Podesta will chair the meeting and that others including: Todd Stern, Gene Sperling, George Frampton, and Brian Atwood may join. After John welcomes the group, we should do brief introductions. Then, some combination of John, Todd, Gene, George, Brian, etc. would make brief remarks (see suggested talking points below). Finally, the discussion would be open to the Indian and US business participants.

GOI Representative: We expect that we will be joined by the Additional Secretary, GOI Ministry of Environment and Forests, Mr. K Roy Paul. Note that the National Security has advised that there is no problem with Mr. Roy Paul's involvement and has cleared his attendance at this meeting.

Mr. Roy Paul's participation in this effort is a very positive and hopeful sign. Mr. Roy Paul is senior to those who have been responsible for this issue to date at the Ministry (he is the second highest ranking career official in the Ministry), and we have appealed to him to take a fresh look at the matter. On April 28th, at a major session dedicated to the CDM at the Annual General Meeting of the Confederation of Indian Industry, Mr. Roy Paul for the first time represented the Ministry on the CDM. While raising some of the objections the GOI has raised previously (see below), his message overall was positive, and indeed, he concluded by emphasizing that the CDM represents an opportunity for India. His further commitment now to travel to Washington to participate in this Dialogue (and a week-long "study tour" that we have arranged that focuses on learning about emissions trading), underscores his genuine desire to keep an open mind and to learn more. Mr. Roy Paul has a background in international trade, so it is hoped that he, perhaps better than some of his subordinates in the Ministry, will recognize the economic and environmental "win/win" presented by the CDM. Comments on the GOI position on the CDM to date should, of course, be made in a manner that is respectful of Mr. Roy Paul's presence.

Issues Raised by the Government of India: The GOI has raised a host of technical issues about the CDM, as well as objections that more generally reflect opposition to, or concern about, market based mechanisms. When presented with the positions taken by the GOI, business leaders largely have

disagreed and have recognized the value to India and the US of market-based partnerships. The following are some of the issues raised by the GOI and rejoinders we have found effective with the business community here:

GOI Argument: "Equity". The CDM will enable developed countries to escape the obligation to "clean up their act" at home. They are trying to foist the responsibility on us when they created the problem.

Rejoinder: The treaty clearly stipulates that actions taken pursuant to the CDM (and other market mechanisms) must be supplemental to those taken domestically, so there is no question that substantial action will be taken at home. However, this condition is not necessarily in India's interest. Since CDM partnerships will bring significant new financial flows and technology transfer to India, it is in India's interest that there be no cap on the number of CDM partnerships that are permitted under the treaty.

GOI Argument: "Entitlements". We should not allow any of these partnerships to proceed until we have decided on a long-term allocation of atmospheric space. We should settle now the proportion of the atmosphere to which each nation is entitled.

Rejoinder: It is true that no person and no country is entitled to more of the earth's resources than any other, and work is underway in the treaty process to wrestle with this issue. But, it will take a long time before the scientists can even tell us the amount of atmospheric space we really have-i.e., we don't know yet the "safe" level of greenhouse gases in the atmosphere, so we can not begin responsibly to divide that atmospheric space now. In the short term-the next 10 to 15 years-we should get started in reducing greenhouse gas pollution. And CDM partnerships will not prejudice longer-term decisions on the entitlements question. In fact, since CDM partnerships will be contractual in nature, to the extent that this is a concern to the parties to any particular CDM agreement, CDM contracts could provide that emission credits revert to the Indian seller after the first "budget period" under the treaty-i.e. in 2012.

GOI Argument: "Low Hanging Fruit". If we engage in CDM partnerships now, all of the cheapest emissions reductions will be achieved. At a later date, when developing countries may face binding emission reduction commitments as well, we will be left with all of the most costly reductions to undertake on our own.

Rejoinder: As Professor Shukla (a distinguished scientist at the Indian Institute of Management) has said, "Low hanging fruit does not get better over time, it just rots!" It simply is not in India's interest to forego opportunities to meet real and pressing problems now on the basis of speculation that India may be obliged to address these problems at some later date. India's economy is suffering now from insufficient investment; India's people are sick and dying now from polluted air and water. The CDM presents an opportunity now for India to attend to these very pressing challenges. Moreover, India is in charge! Under the CDM, developing countries are the "sellers." It will be up to India to decide the kinds of emission reduction partnerships it want to offer to prospective investors under the CDM.

CII's Activities: We began to interact with CII on the CDM immediately upon our arrival in India in December, 1998. CII undertook their own assessment of the merit of the CDM. Convinced that, in fact, the CDM is a "win/win", CII acted quickly and decisively to make the CDM a priority for their members:

March, 1999-The Confederation of Indian Industry launched a new "Climate

Center." Mr. RV Shahi, CEO of BSES, Ltd., one of the largest and most successful private utilities in India, will serve as the chairman of the Climate Center.

April 6, 1999-CII held its first major conference on climate change to introduce senior managers of Indian industry and financial institutions to the CDM. The conference was kicked off by Ambassador Richard Celeste and chaired by Mr. RV Shahi.

April 28, 1999-CII inaugurated its Climate Center and the Indo-US Business Dialogue at their Annual General Meeting, a very high profile event attended by Prime Minister, Members of the Cabinet, leaders of Indian Industry. Presentations on the CDM were made by Mr. RV Shahi; Mr. KN Shenoy, President of ABB-India; Mr. John Palmisano of Enron; Mr. Tom Jacob, of DuPont, and Mr. K Roy Paul, Additional Secretary, Ministry of Environment and Forests.

May 20-21, 1999-Leading Indian CEOs travel to Washington, DC to engage with US counterparts in the Indo-US Business Dialogue on the CDM.

Key points for the White House team to make:

0 The CDM is a "win/win" for economic growth and environmental protection.

0 Business leaders are to be commended for turning their attention to the CDM. The international negotiations are at a critical stage, and business voices are essential if the CDM is to be designed in an efficient and effective manner.

0 We have heard of the leadership the Confederation of Indian Industry is showing on this matter in India. We welcome your involvement and want to learn from the important perspective you can bring to bear on these matters.

0 The US is serious about climate change. As the US participants in the Dialogue will attest, the pollution reduction commitments the US subscribed to in Kyoto are real and significant.

0 And we are doing our part at home: Clean Air Partnership Fund, Climate Change Technology Initiative, PNGV, PATH, etc.

0 We take these actions because we recognize that the industrialized world has contributed most to the greenhouse gas pollution problem, and we must lead the way in solving it.

0 Climate change is, however, a global challenge and all nations must act in partnership if we are to address it.

0 Through the Clean Development Mechanism we can both take on the greenhouse gas pollution problem AND help finance the efforts that are necessary to meet pressing development needs in countries like India.

0 The first purpose of the CDM as agreed in the Kyoto protocol is to help meet priority development needs in the developing world. And that is one of our premier purposes in promoting the CDM.

0 When it comes to the global economy, we know well that it is "a small world after all". We know that the health and vitality of the US economy depends on the health and vitality of the global economy overall. And India is a very significant player on the global economic scene.

0 There is no part of the US position on climate change, then, that would call for economic sacrifice from the developing world. To the contrary, economic growth is essential if we are to meet our economic or environmental goals.

0 And the CDM is a tool through which we can make progress on both fronts. The CDM will bring businesses together in partnerships that can help finance new, clean infrastructure in countries like India that will fuel economic growth even while stemming the growth of greenhouse gas pollution.

0 But, to realize this potential, we have to get the details of the CDM right. We are concerned about moves in the international discussions that would: artificially cap the number of CDM projects that can be had; set up new UN bureaucracies to oversee CDM implementation; set up unduly restrictive criteria for measuring baselines and deciding whether a project will qualify for CDM financing; etc. (add other points as desired).

0 Since the CDM is intended to be a business tool-it is not a bilateral or multilateral aid program-business voices need to be heard on these critical implementation issues.

0 On the domestic front, too, there is a need for policy frameworks that will facilitate CDM partnerships. As your own experts have estimated, India could realize billions in new financial flows through the CDM. (Professor Shukla of the Indian Institute of Management, the premier business school in India, has estimated that India could realize some \$150 billion over 40 years, and Mr. Hement Joshi of CRISIL, a leading financial institution in India has similarly identified very large opportunities).

0 But, other developing countries will be vying for those funds as well. To get ahead of the game, India should move now to issue guidance so that businesses have a clear sense of the development priorities that India would like to see addressed through CDM partnerships, and a clear roadmap of how CDM projects will be cleared by the Government of India. If those things are not spelled out, then investors will be discouraged from pursuing projects in India. But if those things are clearly spelled out and some strong encouraging signals sent by the Government of India, Indian business could reap substantial benefits from the CDM

0 Now some of you may ask-"Is any of this going anywhere, anyway?" You are aware of the opposition of some in the business community (none of those here!) and some on Capitol Hill to the Kyoto Protocol. Indeed, you may even be aware that some of our environmental groups have been less than enthusiastic, believing that the treaty is not demanding enough, or that the market mechanisms like the CDM will create loopholes that enable businesses and countries to escape pollution reduction obligations.

0 All of this is true. But, let me offer a different perspective. It always is the case that the far left and far right will play their antagonistic roles. But, the "news" lies in the middle. And on this issue the "middle" is growing steadily and strongly.

0 What creates that middle space? Three things:

**\*\*Science**-The science gets more clear and strong all the time. 1995 was a watershed year. The world's scientists for the first time made plain that "the balance of the evidence suggests a discernable human influence on the global climate". The "smoking gun", if you will, was in hand. And since then, ever more records have been broken on the climate front-scientists have concluded that this century was the warmest since at least 1400, and 1998 was the warmest year ever recorded.

**\*\*The General Public**-Average citizens are becoming increasingly and aware of and concerned about global warming. Disasters seem to headline our news all the time now. Tornadoes, floods, ice storms, droughts-the public notices these things; grandpa and grandma affirm that they've never seen weather like this before. And the concern builds; and the demand for action grows.

**\*\*The opportunities**-More and more business leaders, like all of you, are leading by example. They are demonstrating that in fact, they can enhance their bottom line by reducing waste and increasing efficiency. The experience of these companies offsets the arguments of some that action will hurt the economy. And since the environment does benefit as efficiency

improves and waste is reduced, the argument of some environmentalists against business-friendly approaches to environmental protection loses much of its force.

0 So, the "middle" is strong and growing and the forces are inexorably moving in the direction of: taking climate change very seriously, and harnessing economically sound tools like the CDM to get the job done.

0 Eager to hear your views and perspectives on the CDM and how we can work together.

=====

## INDO-US BUSINESS DIALOGUE ON THE CDM

May 20-21, 1999

Washington, DC

Goal of the Dialogue: To provide an opportunity for leading Indian and US businesses to share views and experiences on the Clean Development Mechanism. To forge a partnership among these business leaders in support of the CDM. To demonstrate the economic and environmental opportunities presented by the CDM and thereby to encourage governments to support the CDM and implement it efficiently and effectively.

### Progress to Date:

March, 1999?The Confederation of Indian Industry launched a new ?Climate Center.? Mr. RV Shahi, CEO of BSES, Inc. will serve as the chairman of the Climate Center.

April 6, 1999?CII holds first major conference on climate change to introduce senior managers of Indian industry and financial institutions to the CDM. Conference kicked off by Ambassador Richard Celeste and chaired by Mr. RV Shahi.

April 28, 1999?CII inaugurates Climate Center and the Indo-US Business Dialogue at their Annual General Meeting, a very high profile event attended by Prime Minister, Members of the Cabinet, leaders of Indian Industry. Presentations on the CDM by Mr. RV Shahi; Mr. KN Shenoy, President of ABB-India; Mr. John Palmisano of Enron; Mr. Tom Jacob, President of South Asia Operations of DuPont, and Mr. K Roy Paul, Additional Secretary, Ministry of Environment and Forests.

### The Business Dialogue:

When: May 20-21st, 1999 (CEOs on the 20th; senior executives on the 21st)

Where: Washington, DC

Venue: U.S. Chamber of Commerce Bldg

Principal Participants: Leading Indian and US CEOs/Presidents/Senior VPs

#### Confirmed Indian Participants:

Mr. Rahul Bajaj?CEO, Bajaj Auto Limited and President, CII

Mr. RV Shahi?Chairman and Managing Director, BSES Limited

Mr. KN Shenoy?Chairman, ABB-India

Mr. Arun Bharat Ram?CEO, SRF Fibers

Mr. Suketu Shah?President, Mukand Steel Ltd.

Mr. Suresh Neotia?Chairman, Gujarat Ambuja Cement Ltd.

Mr. Abhay Nalawade?Managing Director, Thermax Corporation

Mr. Pradeep Mallick?President, Watshila Diesel Ltd.

Mr. Balasubramanian, President, RPG Power Corporation

Mr. Arun Nanda?President, Mahindra Group

Mr. Ravi Mohan?Managing Director, CRISIL

Mr. Tarun Das?Director General, CII  
Mr. KP Nyati?Senior Adviser (Environment), CII  
Mr. V Raghuraman?Senior Adviser (Energy), CII  
Mr. K Roy Paul?Additional Secretary, Ministry of Environment & Forests  
Mr. GC Datta Roy?Chief Executive, Power, DCM Shriram Consolidated  
Mr. PS Pandya?General Manager, BSES Ltd.  
Mr. Mahandra Kumar Singhi?President, Shree Cement Ltd  
Mr. HM Bangur?Managing Director, Shree Cement Ltd.  
Mr. BN Ojha?Director, Operations, NTPC  
Mr. AN Jha ? Sr. Vice President, Essar Investment Ltd.

Confirmed US Companies:

Mr. Charles Bayless?CEO, Illinova  
Mr. Ralph Peterson?CEO, CH2M Hill  
Mr. Tom Casten?CEO, Trigen  
Mr. Richard Sandor?CEO, Environmental Financial Products  
Mr. Frank Cassidy, President and CEO, PSEG Energy Technologies  
Mr. Jeff Miller?Partner, Beacon Group  
Mr. Tom Dreesen?CEO, EPS  
Mr. Lee McIntyre?President, Bechtel  
Mr. Henri-Claude Bailly?Haigler Bailly Consultants  
Mr. Dale Heydlauff?Senior VP, American Electric Power  
Mr. Larry Washington?Senior VP, Dow  
Mr. Mark Trexler?President, Trexler and Associates, Inc.  
Ms. Meribel Ayres?President, Lighthouse Energy Group  
Mr. Michael McAdams?Gen Mgr, Federal Govt Affairs, BP Amoco  
Mr. John Palmisano?Director Environmental Policy and Compliance, Enron  
Mr. Steve Ward?VP, Government Affairs, Shell Oil  
Mr. Steve Harper?Government Affairs Manager ? EHS, Intel  
Ms. Sharon Kneiss?Federal Relations Representative, Chevron  
Mr. Mike Mullin?Holnam Cement  
Mr. Richard Innes?Browning Ferris Industries  
Mr. Jonathan Lash?President, World Resources Institute  
Additional Invited US Companies Include:  
Mr. Bill Ford or Mr. Jac Nasser--Ford Motors

Note also that Mr. Bill Richardson, Secretary of Energy, Mr. Larry Summers, Deputy Secretary of the Treasury, Mr. TJ Glauthier, Deputy Secretary of Energy, Mr. Frank Loy, Undersecretary of State for Global Affairs, Senator John Chafee, Chairman Senate Committee on Environment and Natural Resources, and Senator Joseph Lieberman are confirmed to meet with the group.

=====

FINAL DRAFT - ANNOTATED

\*\*Note that Larry Summers actually will now speak at 10:30.\*\*

Indo-U.S. Business Dialogue on the Clean Development Mechanism

CEOs' Washington Roundtable  
Chamber of Commerce Building  
Washington, D.C.

May 20, 1999

9:45 Registration

10:15 Opening Remarks and Introductions of Dialogue participants, Rahul Bajaj, CEO, Bajaj Auto Ltd. and President, CII  
Key points: Give welcome and state purpose of Dialogue. Allow persons to introduce themselves and their organizations. Brief overview of why Indian industry is interested in CDM.

10:25 Opening Remarks and Welcome: Hon. Hattie Babbitt, Deputy Administrator, USAID  
Key points: US support of the Dialogue; Important work AID is doing to support clean development in India; Importance of business engagement on the CDM.

10:35 Discussion Topic 1: CDM: Issues and Opportunities  
Facilitator: TBD  
(Brief presentations, Q&A, end with open discussion)

K.N. Shenoy, President, ABB-India. Indian Perspective on CDM.  
Key points: Current Indian industry perspective on CDM. CII activities to date, e.g., 1998 report, 1999 activities - establishment of Climate Center, 4/6 roundtable, 4/28 AGM, etc.

T.J. Glauthier, Deputy Secretary, Dept. of Energy. U.S. Perspective on Technology Partnerships through the CDM.  
Key points: Welcome perspective of Indian industry on CDM. DOE perspective on most promising technologies and sectors for CDM projects. Emphasize concept of additionality.

R.V. Shahi, Chairman & Managing Director, BSES, Ltd. and Chairman of CII Climate Change Center. Indian Perspective on Technology Partnerships through the CDM.

Key points: Indian perspective on most promising technologies and sectors for CDM projects, Indian estimates of potential financial flows

Frank Loy, Under Secretary for Global Affairs, Dept. of State. Status of Climate Change and CDM Negotiations.

Key points: Timelines for finalizing CDM rules. Many CDM rules to be worked out -- these will be discussed in Friday's session. Discuss major strategic issues that, if unresolved, could prevent CDM (e.g., concerns over "using up low-cost emission reductions" and "long-term entitlements to the atmosphere").

Jonathan Lash, President, World Resources Institute. Development, Environment, and CDM.

Key points: Potential impacts of climate change on India. The two purposes of CDM and their compatibility (using recent WRI research). CDM benefits to India's environment, and the importance of these benefits in the overall politics of CDM. Trends in GHG intensity of India's economy relative to other developing countries.

12:00 Lunch

Special Address: Senator John Chafee, Chairman, U.S. Senate Committee on Environment and Public Works

Key points: Success of emission trading in U.S. Climate politics in the U.S.

1:30 Special Address: Hon. Larry Summers, Deputy Secretary Department of the Treasury

Key points: Overview of CDM. Why U.S. views it as critical component of climate treaty. Brief review of estimates of global financial flows that could be generated by CDM, and flows to India. Q&A to follow.

2:00 Discussion Topic 2: Anatomy of Potential CDM Projects: How Would They Work?

Facilitator: TBD

(Brief presentations, Q&A, end with open discussion)

Mark Trexler, President, Trexler and Assocs.

Key points: CDM contract design issues

Richard Sandor, CEO, Environmental Financial Products

Key points: CDM financing and emission trading

Hemant Joshi\*\*, Executive Director, CRISIL

Key points: Risk management issues in CDM

3:00 Coffee/Tea break

3:15 Discussion Topic 3: Potential CDM Partnerships: Sectoral Perspectives

Facilitator: TBD

(Open discussions - all participants)

Special introductory comment: Jemal-ud-din Kassum, Vice President for Investment Operations, International Finance Corporation, World Bank.

This session is intended for freewheeling discussion and brainstorming among executives on potential CDM projects.

4:15 Looking Ahead: Next Steps and Key Priorities

This last session would aim to approve a "Statement of Principles" by the participating businesses (draft circulated 5/6). Statement would cite the promise of CDM, and state an intention to pursue CDM issues and explore CDM partnerships.

R.V. Shahi, Chairman & Managing Director, BSES, Ltd. and Chairman of CII Climate Change Center

5:00 Cocktail reception-Special Guest: Hon. Bill Richardson, Secretary of Energy

\*\* invited

FINAL DRAFT - ANNOTATED

Indo-U.S. Business Dialogue on the Clean Development Mechanism

Senior Executive Roundtable  
Chamber of Commerce Building  
Washington, D.C.

May 21, 1999

8:45 Registration

9:00 Welcome Bob Randolph\*\*, Assistant Administrator, U.S. AID, Asia and the

## Near East

9:15 Opening Remarks, Mr. Raghuraman, CII and Hon. Katie McGinty, Former Chair, Council on Environmental Quality and Senior Visiting Fellow, Tata Energy Research Institute

9:30 Foundations for CDM: AIJ & Emissions Trading  
Discussion leader: Dale Heydlauff\*, American Electric Power  
Topics to include: AIJ experience relevant to CDM, U.S. SO2 trading experience

10:30 Coffee/tea break

10:45 CDM Implementation Issues  
Discussion leader: John Palmisano\*, Enron  
Topics to include: baseline & additionality, auditing/verification/certification, land use changes, share of proceeds, CDM projects under development

12:00 Lunch

1:15 CDM Linkages to Broader Climate Treaty Issues  
Discussion leader: Karl Hausker, Tata Energy Research Institute  
Topics to include: equity issues, supplementarity, long-term entitlements

2:00 Next Steps and the Future of the Dialogue, Mr. Nyati, CII, and Hon. Katie McGinty, Former Chair, Council on Environmental Quality and Senior Visiting Fellow, Tata Energy Research Institute

2:30 Adjourn

\*attendance confirmed; presentation TBD

\*\*invited

## CLIMATE CHANGE MEETING WITH INDIAN AND U.S. CEOs

### 1. PURPOSE

To promote interest in the Indian business community in the Clean Development Mechanism.

### 2. TIME AND PLACE

Thursday, May 20 8:30am -- Pre-meeting in Todd Stern's office, WW

Thursday, May 20 8:45am -- Meeting in Roosevelt Room

### 3. PARTICIPANTS

Attached

### 4. TALKING POINTS

Attached

### 5. ADDITIONAL BACKGROUND FROM KATIE McGINTY

Attached

## PARTICIPANTS LIST

### Indian Participants:

Mr. Rahul Bajaj CEO, Bajaj Auto Limited and President, CII  
Mr. RV Shahi Chairman and Managing Director, BSES Limited  
Mr. KN Shenoy Chairman, ABB-India  
Mr. Arun Bharat Ram CEO, SRF Fibers  
Mr. Suketu Shah President, Mukand Steel Ltd.  
Mr. Suresh Neotia Chairman, Gujarat Ambuja Cement Ltd.  
Mr. Abhay Nalawade Managing Director, Thermax Corporation  
Mr. Pradeep Mallick President, Watshila Diesel Ltd.  
Mr. Balasubramanian, President, RPG Power Corporation  
Mr. Arun Nanda President, Mahindra Group  
Mr. HM Bangur Managing Director, Shree Cement Ltd.  
Mr. BN Ojha Director, Operations, NTPC  
Mr. AN Jha Sr. Vice President, Essar Investment Ltd.

### US Participants:

Mr. Charles Bayless CEO, Illinova  
Mr. Ralph Peterson CEO, CH2M Hill  
Mr. Tom Casten CEO, Trigen  
Mr. Richard Sandor CEO, Environmental Financial Products  
Mr. Frank Cassidy, President and CEO, PSEG Energy Technologies  
Mr. Jeff Miller, Partner, Beacon Group  
Mr. Tom Dreesen, CEO, EPS  
Mr. Lee McIntyre President, Bechtel  
Mr. Henri-Claude Bailly, Haigler Bailly Consultants  
Mr. Jonathan Lash, President, World Resources Institute

## TALKING POINTS

TODD STERN opens the meeting

- Welcome. Come a long ways; grateful for you taking the time to meet with us.
- Quick frame of discussion -- Hope we can discuss ways to cooperate in promoting clean energy development, especially through the Clean Development Mechanism.
- Pleased that President's Chief of Staff able to make time to join us for 10 minutes.

JOHN PODESTA:

- POTUS sends warm personal greetings. Climate change is a top Presidential priority. He and the Vice President have worked hard to promote public awareness of this issue and to reduce greenhouse gas emissions.
- I know from spending time with Bill Clinton that he firmly believes we can all enjoy a clean energy future -- one based on advanced technologies, one that avoids the mistakes of the past. He believes it is essential that our country work closely with leading developing countries like India to promote such a future.
- Your presence here today helps show that cooperation can help to both promote economic growth and protect the environment. We can't solve this problem without the business community. Your creativity and innovation are a central part of any solution.
- I hope this meeting can help build a strong foundation for cooperation between our two countries. I especially hope that we can find ways to move forward on the Clean Development Mechanism, which can bring significant new resources to India while helping to clean your air.
- Thank you again for coming. Before leaving, I want to make clear that we have lent our good friend Katie McGinty to you, but you've got to give her back. We're thrilled she has the chance to work with you, but look forward to her return here to the U.S.

TODD STERN introduces US government participants

TODD STERN turns to leader of the Confederation of Indian Industries, Mr. Rahool Bajaj (Ra-hul Ba-jaj), to introduce industry participants.

TODD STERN asks Brian Atwood to provide a broad overview of U.S. clean energy cooperation with India.

BRIAN ATWOOD provides overview

(Talking points generated by USAID)

TODD STERN asks whether member of Indian delegation would like to comment.

TODD STERN asks George Frampton to describe US efforts to address climate change.

GEORGE FRAMPTON summarizes US efforts:

- The US is serious about climate change. At Kyoto we took ambitious but realistic commitments to reduce pollution.
- We are doing our part at home: Clean Air Partnership Fund, Climate Change Technology Initiative, electricity restructuring, PNGV, PATH, etc.
- Recognize our responsibility to move first on climate change, however, it is a global challenge that requires a global solution.

TODD STERN asks whether member of Indian delegation would like to comment.

TODD STERN asks Sally Katzen to comment on economic opportunities, especially growing out of the Clean Development Mechanism.

SALLY KATZEN:

- As you know, the Clean Development Mechanism is an innovative tool agreed to at Kyoto. Through the Clean Development Mechanism we can both take on the greenhouse gas pollution problem AND help finance development in India.
- When it comes to the global economy, we know well that it is “a small world after all.” We know that the health and vitality of the US economy depends on the health and vitality of the global economy overall. And India is a very significant player on the global economic scene. There is no part of the US position on climate change, then, that would call for economic sacrifice from the developing world -- to the contrary, economic growth is essential if we are to meet our economic or environmental goals
- The CDM is a tool through which we can make progress on both fronts.
- The CDM will bring businesses together in partnerships that can help finance new, clean

infrastructure in countries like India that will fuel economic growth even while stemming the growth of greenhouse gas pollution

- But, to realize this potential, we have to get the details of the CDM right. Look forward to hearing your perspective

TODD STERN asks whether member of Indian delegation would like to comment.

TODD STERN asks Frank Loy to comment on diplomatic agenda and schedule.

FRANK LOY speaks to diplomatic issues.

(Talking points provided by State Dept.)

TODD STERN asks whether member of Indian delegation would like to comment.

TODD STERN concludes the meeting.

- Thank you for coming. Deeply impressed by the leadership you are showing on this issue. Look forward to further cooperation.

**FOR ACTION****FACSIMILE TRANSMITTAL COVER SHEET**

**LAEL BRAINARD**  
**DEPUTY NATIONAL ECONOMIC ADVISOR**  
**THE WHITE HOUSE**

Telephone No: (202) 456-5353  
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|            | John Duncan (456-9370)      |                   |
|            | Richard Samans (456-5334)   |                   |
|            | David Sandalow (647-0217)   |                   |
|            | Robert Wescott (456-5812)   |                   |

**DATE:** June 6, 2000

**Number Of Pages (including Coversheet): 5**

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Please find attached the UK's proposed language on renewable energy and a note setting out terms of reference for the work. Please provide all redline comments to Sharon Yuan by COB Wednesday, June 7 (fax: 202-456-6687). Thanks.

06-JUN-2000 11:34 FROM SUMMIT SECTION ERD

TO

BRAINARD P.02/05



10 DOWNING STREET  
LONDON SW1A 2AA

From the Principal Private Secretary

6 June 2000

Dear Toshi,

**RENEWABLE ENERGY**

I promised, at Kariizawa, to circulate draft Communique language on renewable energy. I am attaching here draft language on our proposed initiative and a note setting out terms of reference for the work. We have tried to reflect bilateral discussions with others.

The central political purpose of the initiative is to help the two billion people in the world without access to electricity. It will be of particular benefit to those in rural poverty or rapidly urbanising populations where the demand for energy is still relatively small. Smaller, flexible energy systems are appropriate rather than centralised power solutions. For this reason, and to meet the concerns of some colleagues over the scope of the initiative, I suggest we focus on 'Renewable Energy' as our objective.

I am copying this letter to G8 colleagues.

Toshi,  
**JEREMY HEYWOOD**

Yoshiji Nogami

06-JUN-2000 11:35 FROM SUMMIT SECTION ERD

TO

BRAINARD P.05/05

## **Renewable Energy- draft G8 communiqué text**

Two billion people in the world have no access to electricity. Increasing energy supplies through traditional means would be accompanied by large increases in CO<sub>2</sub> and other emissions, exacerbating the problems of climate change and air pollution. Energy from renewable sources can mitigate these effects and increase the quality of life for the world's poor. Creating sustainable markets for renewable energy is a challenge faced by industrialised, transition and developing economies.

We endorse the valuable work to address this which is being carried out through existing initiatives such as the Solar Development Fund, the Prototype Carbon Fund and Private Public Infrastructure Advisory Facility, but believe that much more needs to be done.

We call upon key players from businesses North and South, Governments, International Finance Institutions and others to work with us to identify the barriers and solutions to achieving a step change in the level of renewable energy supply and distribution. We invite them to form a Task Force to prepare recommendations for consideration at our next summit.

UK Draft  
5 June 2000

## Terms Of Reference

### Introduction

At Okinawa in July G8 Heads should deliver a message on energy and make a call on business, International Finance institutions and others to identify the barriers and solutions to making a step change in renewable energy supply and distribution.

These solutions would be presented to Sherpas in early 2001 in order to allow enough time to develop concrete proposals for action at Genoa.

To take this forward a group of some kind needs to be convened. The form that this group takes is a secondary issue. The key thing is that it involves the right people and has broad terms of reference to enable it to produce clear and practical recommendations.

### Participants

There should be a balance of business, government and other representatives.

A small core group of G8 Government and Business representatives could be convened to take this forward [The UK would be happy to convene the first meeting; but equally would be happy to attend an opening meeting chaired by Japan or Italy]. From the outset the G8 group or "Task Force" would need to involve other key stakeholders. A conference or seminar as part of the process would then bring in wider participation.

The initiative will be of benefit to the 2 billion or so people in developing countries without access to electricity. It is vital therefore that developing countries are involved from the beginning and that their views are taken into account.

The key stakeholders who should be involved include:

- A small number of representatives from G8 Governments
- Representatives from business- this is vital because any large-scale investment in renewable energy must come from business. They should be of a high level (ie CEO), come from both the developed and developing world and represent all parts of the industry. (For the UK Sir John Browne (BP) and Mark Moody Stewart (Shell) have expressed an interest.)
- Representatives from International Finance Institutions and other donors. The World Bank and IFC, for example, have considerable experience, contacts and expertise in this area.
- These essential players would also be able to bring in other experts such as academics, NGOs and so on, as needed to look at particular details or technical issues

### Scope

Creating large-scale sustainable markets in renewable energy is a challenge faced by industrialised, transition and developing economies.

The challenges are different for those countries with high levels of existing investment in centralised power systems, and those who are developing new systems to deliver energy services to rural and urbanising populations.

06-JUN-2000 11:35 FROM SUMMIT SECTION ERD

TO

BRAINARD P.04/05

The main priority should be to address the new demands for energy services. This would be of benefit to the World's poor and particularly at finding energy solutions for rural and rapidly urbanising areas. The initiative would be primarily targeted at off-grid and small-grid energy supplies.

However, the influence of existing investment patterns and policies on the global market for renewable energy should also be addressed.

#### **Overall Task Force Mission**

To identify the main barriers to achieving a step change in the level of supply and use of renewable energy for sustainable development world-wide.

To recommend key actions which governments can take to remove these barriers.

The group should consider the following areas:

- Identifying commercial, institutional and regulatory barriers to creating a sustainable and fast-growing global market in renewable energy.
- Identifying barriers to ensuring renewable energy services reach poorer communities.
- Identifying barriers to improving the efficiency of existing production and use of energy.
- Identifying key areas for government/donor action to reduce these barriers and enable market growth.

#### **Criteria for proposals for action**

Any solution proposed by the group should meet some or all of the following criteria:

- should complement and catalyse current and future initiatives
- focus on releasing the energy of market forces in this area
- be inclusive - business from the developing world has a key role to play
- be genuinely sustainable, in environmental, economic and social terms
- increase provision of sustainable energy and help reduce poverty
- foster public/private partnerships
- assist in removing perverse subsidies
- help encourage new entrepreneurs and meet the demands of small-scale customers
- encourage technological innovation and best practice in design and implementation of schemes

#### **Process**

G8 to identify core task force members prior to Okinawa

Core members to nominate and involve other key stakeholders from outset

Taskforce work to produce report consulting widely - perhaps through a conference or seminar process

#### **Output**

Taskforce to report to G8 Sherpas by early 2001.

**FACSIMILE TRANSMITTAL COVER SHEET**

**LAEL BRAINARD  
DEPUTY NATIONAL ECONOMIC ADVISOR  
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|            | Robert Wescott (456-5812)   |                   |

**DATE:** June 8, 2000

**Number Of Pages (including Coversheet): 3**

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Please find attached a UK draft proposal on a G8 Task Force on "Clean Energy for Sustainable Development". Please get all comments to Sharon Yuan (Email: sharon\_yuan@opd.eop.gov) by COB on Friday, June 16. Thanks.

*circulate  
to  
expert*

## **G8 Task Force on "Clean Energy for Sustainable Development"**

**UK Draft Proposals – 8<sup>th</sup> May 2000**

### **1. Overview: Structure, composition, and reporting**

#### **Structure**

Due to the complexity of the energy issue, and the desire to keep groups small (8-12 people maximum) the task force should be divided into two parallel "streams".

Each stream will be under the direction of a named convenor (who may nominate a co-convenor to assist their work), and will be tasked to answer a key challenge.

#### **Composition**

The task force will aim for a balance of business, government and other representatives, appropriate for the particular challenge being discussed.

A balanced representation of the views of developing country actors will be key to the success of the task force.

A small operational budget will be available where necessary for secretariat functions, including logistical support and enabling developing country participation.

#### **Reporting**

The convenors of each "stream" will prepare a composite summary report on their work, to go directly to G8 Heads in early 2001.

The full reports from the task force will be completed by January 2001, and will be used by Sherpas to produce concrete proposals for action at the G8 Summit in 2001.

### **2. Task Force: Mission, Scope, Challenges and Composition**

#### **Overall Task Force Mission**

To identify the main barriers to achieving a step change in the level of supply and use of cleaner energy for sustainable development world-wide.

To recommend key actions which G8 governments can take to remove these barriers.

#### **Scope**

Creating large-scale sustainable markets in clean energy is a challenge faced by both industrialised, transition and developing economies.

The challenges are different for those countries with high levels of existing investment in centralised power systems, and those who are developing new systems to deliver energy services to rural and urbanising populations.

The main priority of the Task Force should be in addressing these new demands for energy services. However, the influence of existing investment patterns and policies on the global market for clean energy should also be addressed.

### **Task Force Structure**

#### **Stream 1: Global Markets, Technology and Finance**

**Challenge:** To identify the barriers to creating a sustainable and fast-growing global market in cleaner energy for sustainable development.

##### **Potential Composition:**

- Total of 6-8 business representatives; 2-3 government officials; 1 IFI representative.
- Convenor to be high-level business representative; co-convenor from government.
- Includes a balanced representation from developing countries, for example: Southern Africa (industry?); China (government official?); India (industry/research institute?); Brazil/Argentina (industry?).
- At least one of the business representatives to be from a small and medium size enterprise, or a technology start-up. Perhaps one other business representative could be from a financing institution, or represent venture capital interests.

#### **Stream 2: Poverty reduction, energy service delivery and government support**

**Challenge:** To identify barriers to ensuring clean energy services reach poorer communities, and key areas for government/donor action to improve this, and improve the efficiency of existing plants.

##### **Potential Composition:**

- Total of 2-3 business representatives; 4-5 government officials; 2-3 IFI/MDB representatives; 1-2 NGO representatives.
- Convenor to be government or IFI representative
- Government representatives would tend to be from development agencies in donor countries and planning/industry ministries in developing countries.
- Business representatives should ideally be from developing countries and be involved in delivering energy services to poor communities.
- NGO representatives should be involved in practical work to promoting energy solutions at grass-roots level – especially in rural areas.



## Hagler Bailly

### **Hagler Bailly Services, Inc.**

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**Amit R. Dalal**  
Manager



United States Energy  
Association

## FAX TRANSMISSION

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From:

Andy Dvent

Subject

CII - USEA Agreement

Date:

3-23-00

Pages:

5 including cover page)

COMMENTS:



**Agreement Between  
Confederation of Indian Industry (CII)  
And  
United States Energy Association (USEA)  
for  
A Joint Indo-US Private Sector  
Trade and Investment Working Group  
On  
Clean Energy and Environment**

**Preamble**

1. CII is India's premier apex industry association with over 4,000 member companies (including over 100 U.S. corporations) from both the public and the private sectors. With a total capital investment of over US\$64 billion, CII members represent almost 80% of the investments in India. One primary area of CII activity relates to facilitating mutually beneficial international business relations in the field of clean energy and environment to ensure sustainable industrial and economic development.
2. USEA represents 150 private and public energy-related organizations, corporations and government agencies in the US. USEA (with funding support from the United State Agency for International Development - USAID) has established over 50 energy partnerships between US utilities and regulatory commissions in over 20 countries, including 10 in India. In addition, USEA sponsors trade exchange visits to other countries dealing with global energy and environment issues.

3. CII and USEA agree that India represents a vast potential for U.S. energy and environment trade and investments in technology and services and recognizes the important private sector role the United States plays as the largest investor in India. Enhanced cooperation between U.S. and Indian firms will help to increase Indian industry's global competitiveness. The potential impact on both India's economy and environment is considerable.
4. Recognising the potential benefits of Indo-US cooperation in the areas of Energy and Environment, CII and USEA hereby agree to establish a Private Sector Trade and Investment Working Group on Clean Energy and Environment ("Working Group").

### Structure

5. The Working Group shall be an independent, private-sector body, and would provide inputs as and when requested to any broader, bilateral agreement for Indo-US cooperation in clean energy and environment between the two governments.
6. Other Indian and U.S. private sector entities are expected and welcome to join the Working Group as it develops.

### Objectives

7. The Working Group shall work towards enhanced private sector partnerships between U.S. and Indian firms and support creation of an enabling policy environment in both countries for enhanced trade and investments that promote commercially-viable clean energy and environment opportunities. The Working Group intends to promote the role of the private sector in:
- Energy efficient and environmentally sound technology transfer;
  - Commercial development and demonstration of renewable and non-polluting energy sources;
  - Increasing the use of market-based approaches for energy conservation and improved environmental management.
  - Spreading knowledge of the benefits and widespread adoption of voluntary environmental management systems, like ISO 14000.

8. In order that these mutual benefits can be realized most efficiently, the Working Group shall identify U.S. and Indian firms to collaborate jointly on investment and technology transfer issues to achieve a clean technology future. Special emphasis would be placed on addressing the needs and environmental problems of energy intensive, highly polluting industrial sectors.
9. To develop agreed international rules & regulations including the market based Clean Development Mechanism.

### Agenda

10. The Working Group shall seek to demonstrate that future economic growth in India can be de-linked from environmental degradation through the development of clean energy and industrial technologies in concert with the rapid development of India's new "digital economy". To that end, the Working Group agenda would include:
  - The achievement of a 15% energy efficiency savings goal within the next five years (by 2005). Achievement of this goal would save the Indian economy between \$8 – 12 billion and would free up resources that can be used to supply power to those millions of Indians currently living without electricity. This 15% figure is based on the latest approved government planning document and includes reduction in power supply losses and improvement in energy end-use efficiency. In addition, greenhouse gas reductions from energy efficiency measures will benefit the economy, improve the lives of India's people, and protect the local and global environment.
  - Establishment of a Green Business Center (GBC) as a clean energy/ environmental center of excellence in the growing high tech city of Hyderabad. The GBC will work to increase environmental awareness and outreach, promote technology collaboration and transfer, facilitate environmental information sourcing, develop human resources, and catalyze policy change with the intent to promote Indo-US environmental business cooperation. CII & USEA shall assist in this effort by promoting the GBC within the Indian and US business community.

Mar-23-00 07:55P

P.05

- The promotion of Indo-US Business-to-Business Partnerships on Clean Energy through the U.S.-Asia Environmental Partnership's "Matchmaker Initiative". USAEP intends to bring together representatives from U.S. and Indian businesses interested in exploring possibilities of joint Indo-US projects that will enhance energy efficiency or convert waste into energy. The Working Group will coordinate with and support USAEP's efforts in this regard.
- Fostering private sector investments and technical partnerships in Indo-US bilateral programs, including USAID's energy efficiency and Global Climate Change activities.
- Participation in planned two-way Indo-US trade missions.
- Pursuing other mutually beneficial commercial opportunities as they arise.

#### Agreement Tenure

11. This agreement between the Confederation of Indian Industry (CII) and United States Energy Association (USEA) will be valid for a period of 3 years with the provision for further renewable on a mutually agreed basis.
12. This agreement is entered into at Delhi on the 23<sup>rd</sup> day of March 2000.



**Tarun Das**  
Director General  
Confederation of India  
Industry (CII)



**Barry K. Worthington**  
Executive Director  
United States Energy  
Association (USEA)

8.3.2000/Agreed

**JOINT STATEMENT ON COOPERATION  
IN ENERGY AND ENVIRONMENT  
BETWEEN INDIA AND THE UNITED STATES**

DBS P

1. India and the United States share a relationship founded on a common and deep commitment to democratic values and bound by growing engagement in diverse fields of human endeavour. During the current visit of President Clinton to India, President Clinton and Prime Minister Vajpayee have outlined their vision for a new relationship in the new century. Co-operation between the two countries in promoting energy and protecting the environment is an important part of their vision for the future,
2. The two countries agree that meeting energy needs in a sustainable manner is one of the most important challenges of the 21<sup>st</sup> century. They underscore the central role energy plays in economic development, as well as the human health and environmental risks associated with unsustainable energy use. They note that the development of cleaner and more efficient energy technologies will contribute significantly to improving the air quality and protecting the global environment. As leaders in the forefront of the new high-technology economy, they recognize that countries can achieve robust economic growth while protecting the environment and taking action to combat climate change.
3. India and the United States note that their common desire to promote clean energy and protect the environment has guided past cooperation and joint initiatives. They accord high importance to this aspect of their bilateral energy cooperation. They intend to activate related mechanisms established in the past, including ministerial meetings under the Indo-US Bilateral Energy Consultations, and to intensify further their cooperation in the fields of clean energy and environmental protection, including the impacts of air and water pollution on human health.
4. The two countries are taking many initiatives on their own to mitigate the impact of energy production and use on the environment. India, which was the first country to establish a full-fledged Ministry for Non-conventional Energy Sources, is working to make renewable energy sources a viable and significant part of India's energy supply. India is one of the largest users of wind energy and solar energy in the world and has also made impressive advances in generating energy from wastes.

DTS

India intends to achieve by 2012 a 10 percent share for renewable energy in the capacity-additions of electricity nationwide. In the field of conventional energy, India is increasingly making fossil fuel energy cleaner and more efficient. India intends to improve energy efficiency in the electric power sector by focussing on renovation and modernisation including re-powering of old power plants to improve PLF, upgrading / strengthening of sub-transmission and distribution to reduce T&D losses and introduction of a legislation on energy conservation for promoting end use energy efficiency. The proposed Bureau of Energy Efficiency will act as the focal point for effecting end use energy and formulate goals and objectives in this area. By implementing the above activities, India intends to achieve approximately a 15% improvement in energy efficiency by 2007-08.

5. The United States is committed to a clean energy future and to the goal of reducing greenhouse gas emissions. To this end, the United States pursues a program of research and development, public education, promotion of energy efficient products and practices, and targeted tax incentives. Specific actions during the past year include issuance by the President of an Executive Order mandating reduction in energy use in federal buildings by 30% below 1990 levels by the year 2010; issuance by the President of a directive that sets a target to triple the use of bio-energy in the U.S. over the next decade - a result that would lead to a reduction on 100 million metric tons of carbon; and establishment by the Department of Energy of a goal of increasing to 5% the share of U.S. electricity generated by wind power by 2020.

6. The two countries believe that close bilateral cooperation is needed to promote clean energy initiatives. They also intend to cooperate multilaterally in the appropriate fora for addressing climate change issues. The United States is committed to working cooperatively with India and other developing countries to address clean energy and climate change. Examples of such cooperation include: President Clinton's International Clean Energy Initiative, a program designed to accelerate clean energy technology transfer to developing countries, and promote trade and investment with them; and, a broad range of technical assistance and commercial development programs through the U.S. Agency for International Development, the Department of Energy, the Department of Commerce, the Environmental Protection Agency, the Export-Import Bank of the United States, and other federal agencies.

7. India and the United States reaffirm their strong support for international efforts to combat global climate change under the UN Framework Convention on Climate Change and its Kyoto Protocol. They reaffirm the urgent need for international dialogue on ways in which developed and developing countries could participate in actions to

DPS /

combat climate change, in accordance with the principle of common but differentiated responsibilities, and in a manner consistent with sustained economic growth and social development. They recognise that, under the United Nations Framework Convention on Climate Change, the developed country Parties shall take all practicable steps to promote, facilitate and finance, as appropriate, the transfer of, or access to, environmentally sound technologies and know-how to the developing country Parties to enable them to implement the provisions of the Convention. The two countries intend to work together and with other countries in appropriate multilateral fora toward early agreement on the elements of the Kyoto mechanisms, including the Clean Development Mechanism, which could offer opportunity for mutually beneficial partnership between developed and developing countries. They recognise, in particular, that the Clean Development Mechanism could provide important opportunities for economic growth and environmental protection.

8. India and the United States recall their Joint Statement on Co-operation in Energy and Related Environmental Aspects signed in New Delhi by US Energy Secretary Bill Richardson, and Shri Jaswant Singh, Minister of External Affairs of India, on October 26<sup>th</sup> 1999. The Joint Statement articulated the desire of the two countries to increase co-operation in energy and environment

9. In pursuit of the collaborative goals set forth in this statement and in the Joint Statement of 26<sup>th</sup> October 1999, the United States and India intend to create a Joint Consultative Group on Clean Energy and Environment to foster greater bilateral cooperation, Government to Government dialogue and further encourage public and private sector co-operation in these sectors. This represents another important step that the two countries have taken in expanding mutually beneficial relations. The Joint Consultative Group will ensure an institutional framework between the two countries to (a) identify, initiate and monitor public and private collaborative projects in research, development, transfer, demonstration and deployment of appropriate technologies and review policies in the areas of clean energy, renewable energy, energy efficiency and power sector reform, (b) explore and expand opportunities for commercial development and cooperation in clean energy, and (c) enhance cooperation on climate change issues that arise in the context of the United Nations Framework Convention on Climate.

10. The co-conveners of the Group will be the Department of State of the United States and Ministry of External Affairs of India, respectively, with participation by all concerned Agencies/Ministries as determined by either side. Focal points of contacts may be established directly between concerned Ministries and Agencies, with ministerial or other high-level involvement, as considered desirable and appropriate on specific issues.

11. The two countries believe that their strong scientific and technological resources provide a sound basis for intensifying collaborative efforts, especially between the agencies of the two Governments, in research, development, demonstration and transfers of clean energy and renewable energy technologies and for improving efficiency in production and consumption of energy from conventional resources. Progress in these areas can enhance availability of energy and increase productivity and efficiency in the economy, while protecting the environment, reducing impact on the climate and preserving the biodiversity and natural resources.

12. The two countries emphasise the considerable mutual benefit of expanded private sector cooperation in the energy sector. They welcome the United States Energy Association / Confederation of Indian Industry -Private Sector Trade and Investment Working Group on Clean Energy and the Environment, and the creation of a Green Business Centre at Hyderabad. The Centre, a joint initiative of the Government of Andhra Pradesh, USEA and CII, is a commendable example of international private sector as well as Government -- industry collaboration in the area of environment. The two governments expect that their bilateral discussions will benefit from this and other private initiatives. For example, they welcome the joint efforts of the United States Agency for International Development, Federation of Indian Chambers of Commerce and Industry and Industrial Credit and Investment Corporation of India.

13. India and the United States believe that energy and environment could be one of the most important areas of cooperation between the two countries. The joint initiatives taken by the two sides will give practical shape to that vision. By making clean energy widely available through development and application of new technologies and strengthening efforts to protect our environment and this planet's biodiversity, Indo-US cooperation will contribute in significant measure towards further securing the welfare and quality of life of the peoples of the two countries. It will also be a vital contribution towards preserving the riches of our planet for future generations of this world.

THE WHITE HOUSE

Office of the Press Secretary  
(Agra, India)

For Immediate Release

March 22, 2000

FACT SHEET

PRESIDENT CLINTON'S INDIA TRIP: PROTECTING THE ENVIRONMENT,  
PROMOTING CLEAN ENERGY DEVELOPMENT AND COMBATTING GLOBAL WARMING

Today, in a visit to Agra, India, site of the Taj Mahal, President Clinton will announce several new initiatives to strengthen Indo-American efforts to protect the environment, develop clean energy resources and combat global climate change.

There is broad scientific consensus that greenhouse gas emissions -- primarily in the form of carbon dioxide from burning fossil fuels -- are at least partly responsible for an increase in global temperatures over the last century. Many developing nations are especially vulnerable to the projected impacts of global warming, particularly coastal flooding, increased incidence and severity of storms and drought, and increased incidence of disease.

The Clinton Administration is taking aggressive steps to reduce greenhouse gas emissions. In the past year, President Clinton has issued directives to reduce energy use in federal buildings to 30% below 1990 levels by 2010, and to target tripling of the use of bio-energy in the U.S. over the next decade.

With greenhouse gas emissions from developing nations projected to surpass those of the industrialized world within a few decades, the United States is committed to ensuring broader developing country participation in global efforts to combat climate change. One of the principal goals of the President's climate change policy is to encourage developing nations to adopt clean energy technologies that can help them achieve their development goals while alleviating local air pollution and avoiding greenhouse gas emissions.

The new initiatives that will be announced today include:

**Joint Statement on Cooperation in Energy and Environment:**

Secretary of State Madeleine Albright and Minister of External Affairs Jaswant Singh signed a joint statement on cooperation on energy and environment issues on behalf of the United States and

India. The statement outlines a common agenda on clean energy development and environmental protection, including:

- Two ambitious national Indian environmental goals:
  - 10% of new electric power will come from renewable energy sources by 2012;
  - and approximately 15% improvements in energy efficiency in power production will be made by 2007-08.
- Creation of a binational 'Joint Consultative Group' on Clean Energy and the Environment that will focus on clean energy projects and policy, commercial development of clean energy, and, enhanced cooperation on global climate change;
- Promotion of a shared vision that countries can achieve robust economic growth while protecting the environment and taking action to combat climate change;
- A reaffirmation of the urgent need for international dialogue on ways both developed and developing countries can participate in actions to combat climate change, consistent with treaty obligations under the Framework Convention on Climate Change;
- Agreement to work in closer partnership on the further elaboration of mechanisms under the Kyoto Protocol, such as the Clean Development Mechanism; and
- Acknowledgement of the essential role of the private sector and reference to new initiatives.

**South Asia Regional Initiative (SARI) Energy Program:** The SARI Energy Program is a new \$50 million USAID program designed to accelerate investment and trade in clean energy among South Asian nations, including India, Bangladesh and Nepal. Program support will help countries foster regional cooperation and develop the appropriate policy, regulatory, and investment environments to encourage private investment. The program will promote the use of clean energy technologies to reduce greenhouse gas emissions and help stimulate economic growth.

**U.S. Export-Import Bank line of credit:** The Ex-Im Bank will provide a \$200 million specialized line of credit targeted for clean energy development projects through a Memorandum of Understanding with the Indian Power Finance Corporation.

**Clean Energy Trade Mission:** To further the goals of President Clinton's International Clean Energy initiative, the Department of Commerce will lead a trade mission to India focused on clean energy projects by the end of the year.

**Greenhouse Gas Pollution Prevention Project (GEP):** USAID will provide \$20 million for a three-year extension of this program

to help reduce greenhouse gas emissions through energy efficiency and cleaner fuel use. GEP will:

- expand the efforts of India's National Thermal Power Corporation to increase efficiency in its power generation plants;
- help increase use of clean energy technology in power production;
- build local institutional capacity, and increase public/private partnerships for change abatement efforts; and
- design and demonstrate climate change abatement initiatives in cities.

**Energy Conservation and Commercialization (ECO) Project:** USAID will provide \$25 million for ECO, a program to help promote commercialization of energy efficient technologies and services. ECO will provide technical assistance and training to the Ministry of Power, electric utilities, and regulatory commissions on policy reforms and will work to address market constraints to greater use of energy efficiency products and services.

**Resumption of bilateral energy consultations and technical assistance:** DOE will resume its cooperative efforts on non-nuclear power sector policy reforms, and on public and private collaborative projects related to clean energy, renewable energy and energy efficiency. DOE programs were suspended in 1998 in the context of policy-based restrictions on U.S. assistance to India.

**Resumption of EPA technical assistance:** EPA will reestablish its environmental cooperation program in India with proposals to address air quality management, strengthening implementation of environmental policies and regulations, risk assessment and management of priority pollutants, and greenhouse gas reduction projects. EPA programs were suspended in 1998 in the context of policy-based restrictions on U.S. assistance to India.

**Joint private sector statement:** The Confederation of Indian Industry and the U.S. Energy Association announced a joint statement to cooperate on trade and investment for clean energy development in India. The parties announced creation of a new 'green business center' in Hyderabad and a 'matchmaker' initiative to help bring investors in contact with business/project opportunities.

# # #

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tion from Bank One in 1997. Bank One also was supported by John McCoy, Bank One's CEO until he left the bank

Work Bank in Atlanta, which is now owned by Royal Bank of Canada. "It is expensive

Bank One's possible sale. Bank.com marks a retreat. It was formed, in the space of a

# India Rejects Clinton Plea on Weapons; Gunmen Kill 40 on Pakistani Border

By GLENN BURKINS  
And JONATHAN KARP

Staff Reporters of THE WALL STREET JOURNAL  
NEW DELHI—Hours after gunmen massacred 40 villagers just inside India's border with Pakistan, President Clinton warned that "the violence must end" and peace talks must resume. But India rejected Mr. Clinton's call to put the brakes on its nuclear-weapons program.

U.S. officials also said the Secret Service canceled Mr. Clinton's 28-mile helicopter flight Monday to the Bangladeshi village of Joypura after intelligence sources picked up a "particularly credible threat" that terrorists might attack the delegation. Officials said the threat was linked to Osama bin Laden, the exiled Saudi militant wanted on charges of orchestrating the 1998 twin embassy bombings in East Africa.

In a joint appearance with Indian Prime Minister Atal Bihari Vajpayee, Mr. Clinton steered clear of blame for the Kashmir attack, which India blamed on two Islamic guerrilla groups that operate out of Pakistan. The president's remarks, nevertheless, seemed to put the onus on Pakistan for recent violence between the two nuclear-armed states. "You cannot expect a dialogue to go forward unless there is an absence of violence and a respect for the line of control," Mr. Clinton said, referring to a 1972 cease-fire line in the disputed Himalayan region of Kashmir.

U.S. diplomacy has been aligned more closely with Pakistan, which joined the U.S. in opposing the 1979 Soviet invasion of Afghanistan. However, Mr. Clinton appeared more sympathetic to India. "I recognize that India has real security concerns," and that the continuing conflict with Pakistan has caused this country "tremendous suffering," he said.

India's government quickly hailed Mr. Clinton's remarks as evidence of a significant shift in U.S. policy in India's long-running struggle with Pakistan over Kashmir. But Secretary of State Madeleine Albright rejected the notion of a policy shift and reiterated Mr. Clinton's contention that the cease-fire line must be respected. "I think our policy is what it was when we came here," she said.

Mr. Clinton, on a seven-day trip through South Asia, made his remarks during a ceremony in which he and Mr. Vajpayee signed agreements pledging closer ties between their governments. Mr. Clinton also used the occasion to call on the Indian government to halt its nuclear-weapons program, a notion India rejected.

On the issue of nuclear weapons, it appears that Mr. Clinton made little headway in persuading India to sign the Comprehensive Test Ban Treaty, but he said he is

have killed Hindus in Kashmir, forcing most of them to migrate to other parts of India. Kashmiri militants, who escalated their attacks on Indian troops in Kashmir ahead of Mr. Clinton's trip, denied involvement and blamed India for orchestrating it. Pakistan's foreign minister, Abdul Sattar, condemned the attack and said he hoped Mr. Clinton could use his "healing touch" to find a peaceful resolution, the Associated Press reported.

Meanwhile, in the first move by a developing nation toward the goals of the Kyoto Treaty to curb global warming, India agreed to make its electricity-production system cleaner and more efficient.

President Clinton is scheduled to announce the step today. In return, the U.S. will provide India with a \$295 million package of aid and loans to help it reduce emissions of carbon dioxide and other human-made "greenhouse gases" that scientists believe are artificially warming the atmosphere.

Under the agreement, India will obtain 10% of its new electric power from renewable energy sources, such as wind and solar power, by 2012. It also will raise the efficiency of its electric-power-generating systems by 15% by 2008.

—Neil King Jr. and  
John J. Fialka in Washington  
contributed to this article.

## #18 LESSON NATION

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In this one accessible guide, the Investor's Business Daily puts and easy-to-follow techniques profitable portfolio firmly in your hands and the goal of long-term financial success easily within your reach.



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| 10     | 11%     | AcklyGp   |
| 12%    | 16%     | ACNielsen |
| 8%     | 9%      | Acuson    |
| 14%    | 28%     | Adams     |
| 8 1/2% | 59 1/2% | Adecco    |
| 12%    | 11%     | Admco     |
| 47%    | 15%     | APF Pro   |
| 9      | 14%     | AdvMicr   |
| 5%     | 15%     | Advest    |
| 8 1/2% | 14 1/4% | Advo      |
| 13%    | 64%     | AEGON     |
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Paul Bledsoe  
03/20/2000 11:28:11 AM

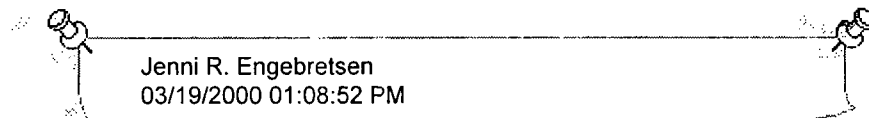
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Subject: Fact Sheet: Promoting Clean Energy Development in Bangladesh

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Jenni R. Engebretsen  
03/19/2000 01:08:52 PM

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Subject: Fact Sheet: Promoting Clean Energy Development in Bangladesh

#### THE WHITE HOUSE

Office of the Press Secretary  
(New Delhi, India)

For Immediate Release

March 19, 2000

#### FACT SHEET

#### PROMOTING CLEAN ENERGY DEVELOPMENT IN BANGLADESH

President Clinton will soon announce \$84 million in clean energy initiatives for Bangladesh and the South Asia Region. The announcement will include \$50 million for a four-year South Asia Regional Initiative (SARI) Energy Program to be funded and implemented by the U.S. Agency for International Development (USAID). SARI will encourage regional economic integration by promoting cooperation and trade in clean energy, natural gas and renewable energy sources such as solar power, among South Asian countries.

The partner countries for SARI include Bangladesh, India and Nepal. The initiative will provide technical assistance and training to support regional energy development, cooperation and eventual trade in energy resources among South Asian nations will have far-reaching economic, development and security benefits. Illustrative activities are a regional utility and regulatory partnership program with the U.S. Energy Association, and a regional energy business partnership program with the U.S. Chamber of Commerce. This initiative is an example of the Clinton Administration's efforts to encourage its partners to promote energy efficiency, public-private partnerships, and related climate change goals.

Included in the announcement is a ten-year \$30 million agreement between the Government of Bangladesh and USAID to establish a new and separate clean energy program for Bangladesh. The purpose of the Clean Energy Program is to reduce greenhouse gas emissions; particularly by enhancing the institutional capacity of the Ministry of Energy and Mineral Resources, as well as other partners; encouraging policies that promote production and use of cleaner fuels (such as natural gas); and reducing energy demand through increased efficiency.

The development of Bangladesh's energy sector can have substantial impact on the rate of economic growth of the country. Though demand for power is growing, Bangladesh currently has the lowest per capital consumption of commercial energy in South Asia as well as a large unsatisfied demand.

USAID will also provide \$4 million for a Grameen Shakti five-year renewable energy program. The grant will support the promotion and marketing of photo-voltaic solar home systems for rural electrification of power small enterprises. Because the electrification is income generating, the program is expected to be self-sustaining. Grameen Shakti was founded in 1996 as a sister organization to Grameen Bank.

###

Message Sent To: \_\_\_\_\_

## The Sandalow Delegation visits the Agra Taj Khema Site - 3/5/00



Ian Bowles, John Beale, Roger Ballentine



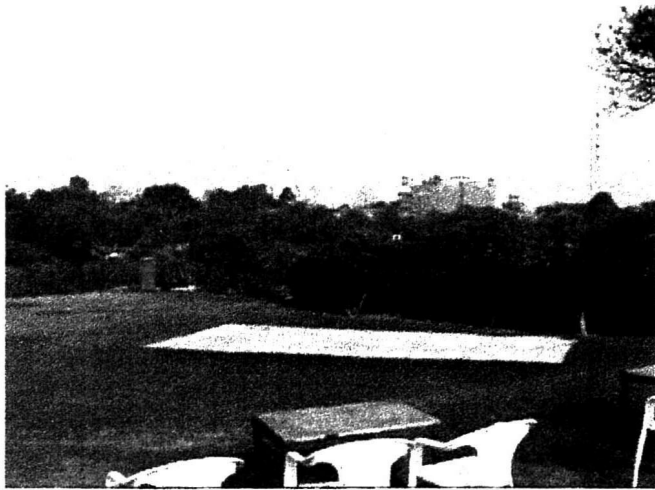
Ian and Roger



Dan Balzer, Ian, John and Rekha Sethi (CII)

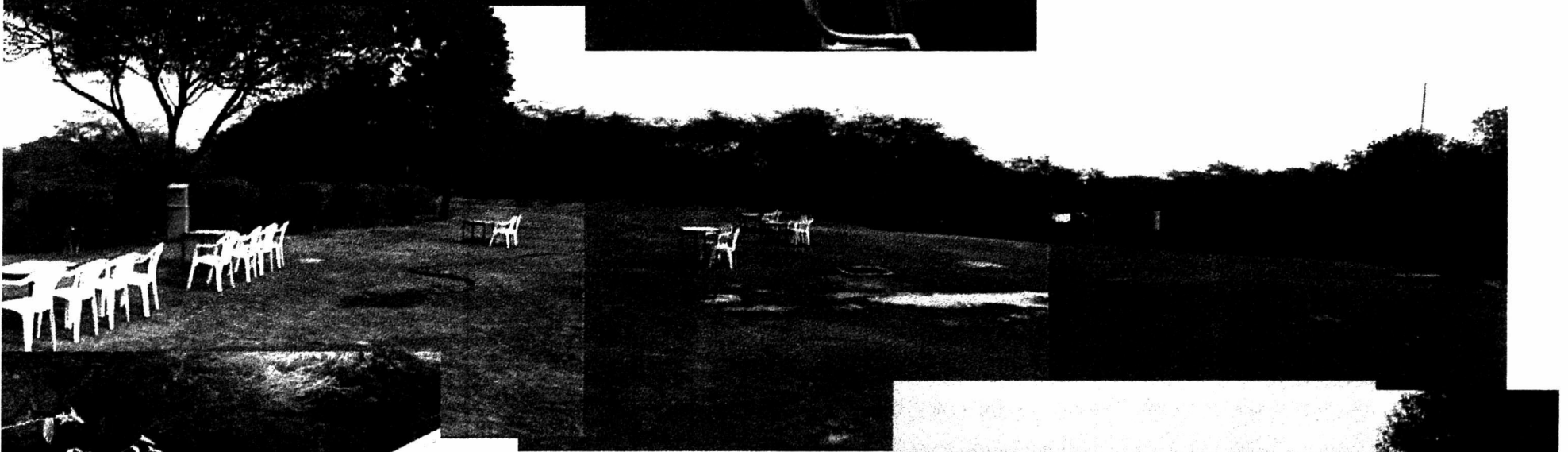


Roger and Jeff Seabright



**Views of the Taj Mahal  
from the Taj Khema  
environmental event site.**





**360 degree views of the  
Taj Khema  
environmental event site**



Potential access site, back side of Taj Khema

# Electric Vehicles at the Taj Mahal



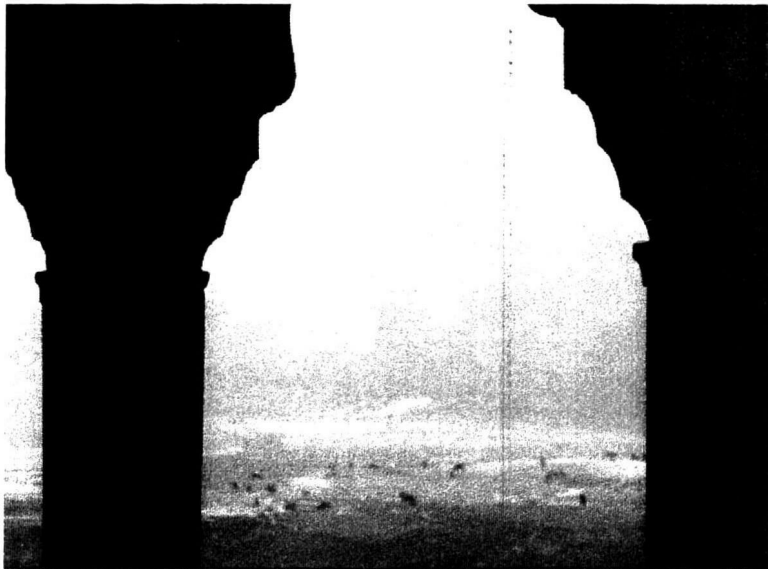
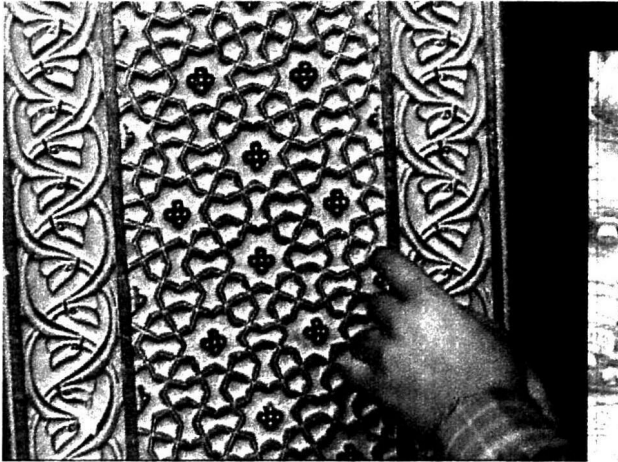
## The Taj Mahal and main gate



## Visit to the Agra Fort 3/5/00



## More views of the Agra Fort



8.3.2000/Agreed

**JOINT STATEMENT ON COOPERATION  
IN ENERGY AND ENVIRONMENT  
BETWEEN INDIA AND THE UNITED STATES**

DBS p

1. India and the United States share a relationship founded on a common and deep commitment to democratic values and bound by growing engagement in diverse fields of human endeavour. During the current visit of President Clinton to India, President Clinton and Prime Minister Vajpayee have outlined their vision for a new relationship in the new century. Co-operation between the two countries in promoting energy and protecting the environment is an important part of their vision for the future.
2. The two countries agree that meeting energy needs in a sustainable manner is one of the most important challenges of the 21<sup>st</sup> century. They underscore the central role energy plays in economic development, as well as the human health and environmental risks associated with unsustainable energy use. They note that the development of cleaner and more efficient energy technologies will contribute significantly to improving the air quality and protecting the global environment. As leaders in the forefront of the new high-technology economy, they recognize that countries can achieve robust economic growth while protecting the environment and taking action to combat climate change.
3. India and the United States note that their common desire to promote clean energy and protect the environment has guided past cooperation and joint initiatives. They accord high importance to this aspect of their bilateral energy cooperation. They intend to activate related mechanisms established in the past, including ministerial meetings under the Indo-US Bilateral Energy Consultations, and to intensify further their cooperation in the fields of clean energy and environmental protection, including the impacts of air and water pollution on human health.
4. The two countries are taking many initiatives on their own to mitigate the impact of energy production and use on the environment. India, which was the first country to establish a full-fledged Ministry for Non-conventional Energy Sources, is working to make renewable energy sources a viable and significant part of India's energy supply. India is one of the largest users of wind energy and solar energy in the world and has also made impressive advances in generating energy from wastes.

DTS

India intends to achieve by 2012 a 10 percent share for renewable energy in the capacity-additions of electricity nationwide. In the field of conventional energy, India is increasingly making fossil fuel energy cleaner and more efficient. India intends to improve energy efficiency in the electric power sector by focussing on renovation and modernisation including re-powering of old power plants to improve PLF, upgrading / strengthening of sub-transmission and distribution to reduce T&D losses and introduction of a legislation on energy conservation for promoting end use energy efficiency. The proposed Bureau of Energy Efficiency will act as the focal point for effecting end use energy and formulate goals and objectives in this area. By implementing the above activities, India intends to achieve approximately a 15% improvement in energy efficiency by 2007-08.

5. The United States is committed to a clean energy future and to the goal of reducing greenhouse gas emissions. To this end, the United States pursues a program of research and development, public education, promotion of energy efficient products and practices, and targeted tax incentives. Specific actions during the past year include issuance by the President of an Executive Order mandating reduction in energy use in federal buildings by 30% below 1990 levels by the year 2010; issuance by the President of a directive that sets a target to triple the use of bio-energy in the U.S. over the next decade - a result that would lead to a reduction on 100 million metric tons of carbon; and establishment by the Department of Energy of a goal of increasing to 5% the share of U.S. electricity generated by wind power by 2020.

6. The two countries believe that close bilateral cooperation is needed to promote clean energy initiatives. They also intend to cooperate multilaterally in the appropriate fora for addressing climate change issues. The United States is committed to working cooperatively with India and other developing countries to address clean energy and climate change. Examples of such cooperation include: President Clinton's International Clean Energy Initiative, a program designed to accelerate clean energy technology transfer to developing countries, and promote trade and investment with them; and, a broad range of technical assistance and commercial development programs through the U.S. Agency for International Development, the Department of Energy, the Department of Commerce, the Environmental Protection Agency, the Export-Import Bank of the United States, and other federal agencies.

7. India and the United States reaffirm their strong support for international efforts to combat global climate change under the UN Framework Convention on Climate Change and its Kyoto Protocol. They reaffirm the urgent need for international dialogue on ways in which developed and developing countries could participate in actions to

DPS /

combat climate change, in accordance with the principle of common but differentiated responsibilities, and in a manner consistent with sustained economic growth and social development. They recognise that, under the United Nations Framework Convention on Climate Change, the developed country Parties shall take all practicable steps to promote, facilitate and finance, as appropriate, the transfer of, or access to, environmentally sound technologies and know-how to the developing country Parties to enable them to implement the provisions of the Convention. The two countries intend to work together and with other countries in appropriate multilateral fora toward early agreement on the elements of the Kyoto mechanisms, including the Clean Development Mechanism, which could offer opportunity for mutually beneficial partnership between developed and developing countries. They recognise, in particular, that the Clean Development Mechanism could provide important opportunities for economic growth and environmental protection.

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13. India and the United States believe that energy and environment could be one of the most important areas of cooperation between the two countries. The joint initiatives taken by the two sides will give practical shape to that vision. By making clean energy widely available through development and application of new technologies and strengthening efforts to protect our environment and this planet's biodiversity, Indo-US cooperation will contribute in significant measure towards further securing the welfare and quality of life of the peoples of the two countries. It will also be a vital contribution towards preserving the riches of our planet for future generations of this world.



**Jefferson B. Seabright**

03/02/2000 01:53:49 PM



Record Type: Record

To: riedwards@usaid.gov @ inet, ibowles@nsc.eop.gov @ inet, Roger S. Ballentine/WHO/EOP@EOP, jhammond@usea.org @ inet

cc:

Subject: Fwd: (Fwd) US companies

Attached is a list of US companies in CII

----- Forwarded by Jefferson B. Seabright/WHCCTF/EOP on 03/02/2000 01:52 PM -----



**JSeabright@aol.com**

02/24/2000 10:21:39 PM

Record Type: Record

To: Jefferson B. Seabright/WHCCTF/EOP

cc:

Subject: Fwd: (Fwd) US companies

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Return-path: <kir\_pasricha@nema.org>

Return-receipt-to: kir\_pasricha@nema.org

Received: from rly-zb03.mx.aol.com (rly-zb03.mail.aol.com [172.31.41.3]) by air-zb02.mail.aol.com (v67\_b1.24) with ESMTP; Thu, 24 Feb 2000 18:07:09 -0500

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Date: Thu, 24 Feb 2000 18:13:54 -0500

From: "Kiran Pasricha" <kir\_pasricha@nema.org>

Subject: Fwd:(Fwd) US companies

Sender: "Kiran Pasricha" <kir\_pasricha@nema.org>

To: jseabright@aol.com

Reply-to: "Kiran Pasricha" <kir\_pasricha@nema.org>

Message-id: <1131795894@nema.org>

Content-id: <1131795894-1@nema.org>

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Content-type: text/plain; charset=US-ASCII  
Content-transfer-encoding: 7BIT  
Importance: normal  
Priority: normal  
X-MIME-Engine: v0.90

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Hi Jeff:

Here is a list of US companies that are part of the CII membership. Do let me know if there is any other information that you need.

Best,  
Kiran

AMP INDIA LTD  
A T KEARNEY LTD  
ALLEN BRADLEY INDIA LTD  
AMERICAN EXPRESS BANK LTD  
AMERICAN INTERNATIONAL GROUP, INC  
AMOL DICALITE LTD  
AMPHETRONIX LTD  
ARTHUR ANDERSEN & CO  
AT & T INDIA LTD  
AVON BEAUTY PRODUCTS INDIA PVT LTD  
BANK OF AMERICA NT & SA  
BAX GLOBAL INDIA LTD  
BETZ DEARBORN (INDIA) PVT LTD  
BICRON PRODUCTS PVT LTD  
BIRLA 3M LTD  
BOSTON CONSULTING GROUP INTERNATIONAL INC (THE)  
BRY-AIR (ASIA) PVT LTD  
BURSON-MARSTELLER ROGER PEREIRA COMMUNICATIONS PVT LTD  
BUSH BOAKE ALLEN (INDIA) LTD  
CARGILL SEEDS INDIA PVT LTD  
CARRIER AIRCON LTD  
CHICAGO PNEUMATIC INDIA LTD  
CITIBANK N A  
CITICORP OVERSEAS SOFTWARE LTD  
COCA-COLA INDIA  
COEN BHARAT LTD  
COLGATE PALMOLIVE (INDIA) LTD  
COMPLETE BUSINESS SOLUTIONS INDIA PVT LTD  
CUMMINS INDIA LTD  
DABHOL POWER COMPANY  
DELPHI AUTOMOTIVE SYSTEMS PVT LTD  
DEVELOPMENT CONSULTANTS LTD  
DIGITAL EQUIPMENT (INDIA) LTD  
DSP MERRILL LYNCH LTD  
DUN & BRADSTREET INDIA PVT LTD  
EDS-ELECTRONIC DATA SYSTEMS (INDIA) PVT LTD  
FISHER-XOMOX SANMAR LTD  
FLUOR DANIEL INDIA INC  
G E SILICONES (INDIA) PVT LTD  
GABRIEL INDIA LTD

GENERAL ELECTRIC COMPANY OF INDIA LTD (THE)  
GRINDWELL NORTON LTD  
HEWLETT-PACKARD INDIA LTD  
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## **AGRA ENVIRONMENTAL OVERVIEW**

### **INTRODUCTION:**

Agra, home of 1.5 million people and host of 2 million visitors annually, is one of the most polluted cities in India. Concerned with environmental degradation of this heritage city, the Government of India declared in 1982 the Agra-Mathura region as "Environmentally Protected". As this protected area is shaped like a trapezoid, it is known as the Taj Trapezium encompassing four World Heritage Sites : Taj Mahal, Agra Fort, Fatehpur Sikri and Kaledeo ( Bharatpur) National Park.

The major environmental problems in Agra relate to industrial and vehicular pollution.

### **Industrial pollution**

#### **Foundry**

Presently there are about 168 foundries in Agra. Because of outdated technology and use of coal, these foundries were major contributors to air-pollution. A writ petition filed in the Supreme Court in 1984 first drew attention to damages caused to the Taj Mahal by foundries. Following a series of interventions since then, the Supreme Court finally ordered in 1999 the closure of all environmentally non compliant units. So far 8 units have switched to and 107 units have applied for natural gas connections from Gas Authority India Ltd. (GAIL). The remaining 53 units are closed. Also per Supreme Court order 600 manufacturing engineering workshops dependent on foundries were forced to close down or move out.

#### **Leather**

Agra has 6,800 units manufacturing leather footwear of which 3,300 units are in the unorganized sector. These production units are concentrated in 15 localities within the city. In addition, other related industries produce leather board, micro-cellular rubber sheets, PVC sheets and footwear machines. Shoes produced in Agra are marketed all over India and also exported abroad. Waste water discharge from these units pollute the Yamuna river. Three sewage treatment plants under the Yamuna Action Plan are currently being installed to effectively treat the polluted effluent. Also the state government is setting up an export promotion industrial park for the leather industry in Agra (150 acre in size and 12 km from the city).

### **Vehicular pollution**

The number of motorized vehicles in Agra is approximately 0.2 million.

Like in any other Indian city, motor vehicles in Agra tend to heavily depend on diesel as it costs less than half the cost of normal gasoline due to government subsidies. As a result, most taxis, trucks, and some three wheelers use diesel fuel. Diesel is a primary source of Sulfur Dioxide (SO<sub>2</sub>), Nitrogen Oxide (NO<sub>2</sub>), Hydrocarbons (HC) and Suspended Particulate Matter (SPM). Although unleaded fuel is available, lead is also extensively used in motor vehicle fuel in India, and constitutes one of the most damaging emissions. Air borne lead is a major threat to public health.

Measures to reduce automobile pollution include introduction of low sulphur diesel (0.25 percent ); electric buses and improved cycle rickshaws; construction of Agra by pass/ring road to divert heavy vehicular traffic; and restriction of motorized vehicle entry within 4 km surrounding the Taj Mahal (per Supreme Court order) .

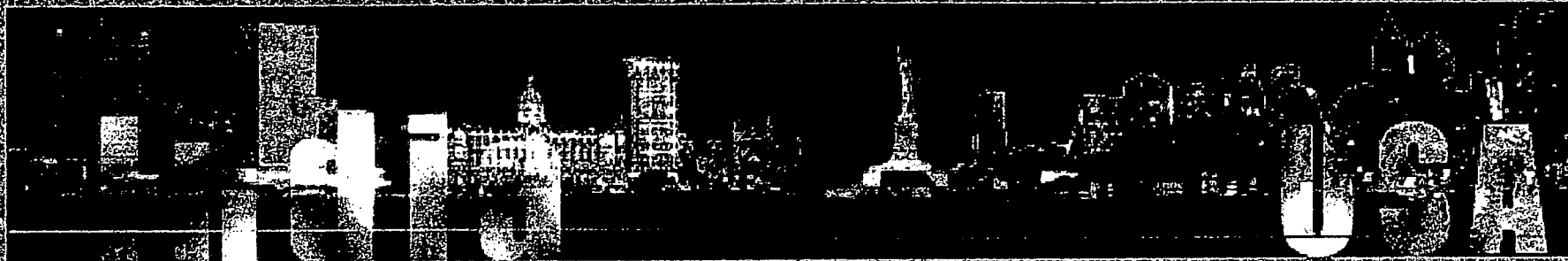
**Other environmental initiatives include:**

1. "Green Agra and Clean Agra" campaign initiated by the State Administration in 1996 that included tree planting (125,000) and poster distribution.
2. A Solid Waste Management system for Agra—USAID worked with the city government to develop a Management Plan ( February 00 ) that recommends new technology interventions and human resource/capacity development ( Rs 165 million). USAID plans a workshop in April 00 to discuss implementation strategy

Additionally, USAID is also assisting a local NGO, Indian Environmental Society to develop a community based solid waste management system. This activity includes community education and awareness, transformation of rag pickers into "street beneficiaries", training on aerobic composting and recycling for income generation. The objective is a self sustaining community based approach will prove replicable and can be integrated into the city's overall planning for solid waste management.

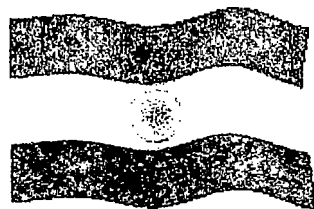
**Remarks:**

According to the Agra Heritage Project, supported under the Indo -US Sub-Commission on Science and Technology and the US -India fund, there are no effective treatments that prevent degradation of carbonate stone due to pollution. Acid rain destruction does not appear to be a major problem at this time. SPM and HC, being heavier than many airborne pollutants, tend to be worst in the immediate vicinity of their source of combustion. Thus, the relocation of stationary sources away from the monuments, and restrictions on motorized traffic, both passenger and goods delivery, in the immediate vicinity of the monuments can have a positive impact.



**USAID/India**  
**Energy and Environment Program**

**January 2000**



# History of USAID/India Energy Program

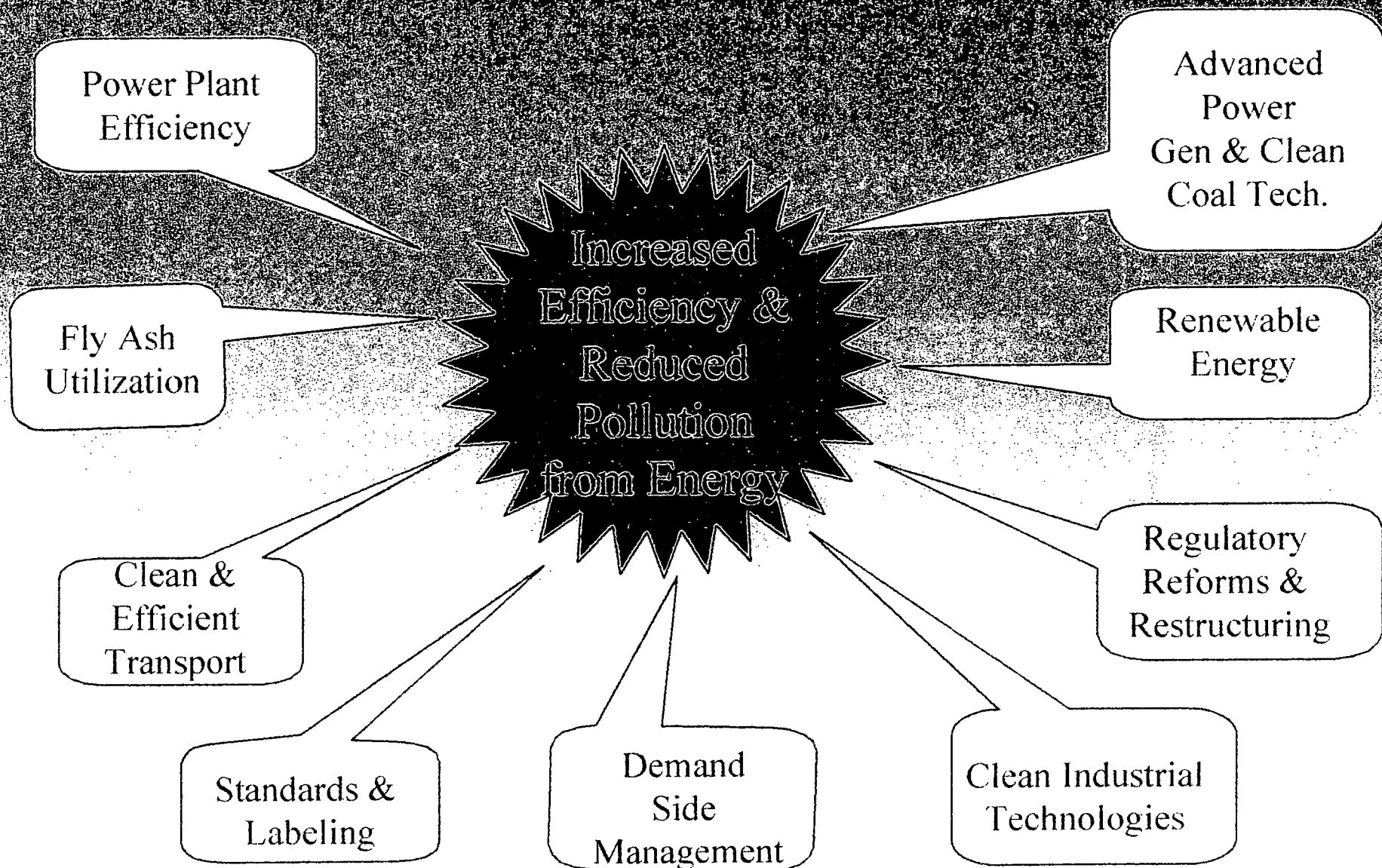
**Began in the sixties with the construction of 15 thermal power plants and several hydro projects**

**Moved on to science and technology development in the eighties**

**☛ Focused on privatization and technology commercialization in the early nineties**

**☛ GHG emissions reductions in the energy sector - main focus since the sanctions**

# Addressing Local Priorities while Reducing GHG Emissions



# Efficient Power Generation

**Center for Power Efficiency and Environmental Protection established at NTPC. TA helped NTPC save nearly \$2 million/year in coal - approximately 2 million tons of CO<sub>2</sub> reduction across NTPC.**

- ☛ CENPEEP beginning to act as a technical resource for other state owned utilities - plans to evolve as a performance-based energy efficiency service provider**
- ☛ First private sector Indo-US coal washery for power plants funded by USAID. Coal washing by utilities can save more than \$230 million in transportation and operations at coal-fired plants; it will also cut more than 1.6 million tons of carbon dioxide emissions annually**

# **Regulatory Reform and Restructuring**

**Supports the development of a policy, regulatory and legal environment which encourages private investment in power**

- Provided key support for the new transmission bill (to allow private sector entry), CERC/SERC legislation, and the proposed Energy Conservation Act**
- Provides training and consultants to advise state electricity boards on restructuring...**
- ...and to state and federal electricity regulatory commissions**

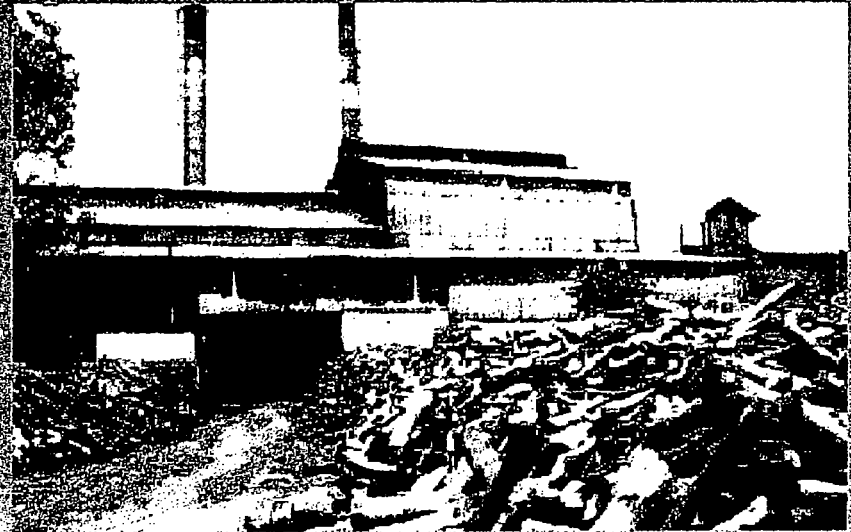
# Energy Efficiency and Demand-Side Management

Assistance to electricity boards and major energy consumers (AEC, TNEB, Haryana Electricity Board) to cut power demand, by demand management techniques, introduction of new technologies, and financial incentives to increase energy efficiency in end use

- Worked with Bureau of Indian Standards for introducing Energy Labeling in household appliances and upgrading their standards
- Demonstrated energy savings to the extent of 35% in water pumping operation through a pilot demonstration project in Municipal Corporation of Faridabad. Similar studies are also being carried out in Pune and Kolhapur.

# Renewable Energy

**Nine USAID-funded sugar cane mills will provide 200 megawatts of biomass power on a year-round basis to offset over one million tons of carbon dioxide**



➤ **Another 200 megawatts sugarcane co-generation projects received TA to design/operate similar plants**

➤ **USAID also finances development of solar energy (PV systems for 3,000 rural households), wind and small hydro power projects**

# Energy Conservation and Commercialization (ECO)

**New activity that aims to reduce the rate of growth of GHG emissions *by*:**

- Assisting government agencies to develop a market-oriented policy environment for energy efficiency improvements**
- Strengthen private and financial sector capability to commercialize energy efficiency**
- Increased emphasis on distribution systems improvement and DSM through regulatory reform**

# USAID Contribution

*Total: \$25 million over 5 years*

Technical Assistance: \$12.5 million

Training: \$5 million

Financial Incentives/Assistance: \$5 million

Admin/Evaluation/Audit: \$2.5 million

TA & Training mainly through a primary 4 year institutional contract, which will start in March 2000.

# ECO Project Thrust Areas

## (Performance Based Contract)

- Standard and labeling - strengthening minimum energy efficiency standards, guidelines for latest implementation, awareness building etc.
- ♦ Institutional framework and capacity building of BEE, training/certification of energy auditors
- ♦ Implementation of DSM through state regulator/SEB and power sector reforms
- ♦ Networking with FI and NBFC/SFC to support EE projects through credit enhancement/risk sharing
- ♦ Implementation of ESCO contracts

# Industrial Environmental Management

CTI focuses on strengthening voluntary incentives for the adoption of clean technologies and certified environment management systems enhancing capacities of Indian industry to incorporate such technologies and practices

# CTI focus areas

Energy efficiency - focus on investment in captive power generation in resource intensive sectors (Iron & Steel/ Paper)

• Production Process efficiency - focus on sectors with process related GHG emissions (Cement and lime)

• Improved products - focus on product design for improved functioning (Automobile)

# CTI Activities include:

- Information and Analysis - raises awareness and stimulates interest/participation by industry
- Voluntary Initiatives - promotes adoption of cleaner practices and environment management systems
- ☛ Commercially Oriented Technology Cooperation - promotes and facilitates adoption of clean and climate friendly technologies
- ☛ Capacity Building - strengthens the organizational learning processes and replication

# GEP - Expanded in September 1999

LOP Budget increased from \$19m to \$39m

## GEP CCS Objective

- To reduce carbon dioxide emissions per unit of power produced in the country.
- To increase awareness, available information, and practical examples of actions that promote climate change mitigation and economic development.
- To play a central role in implementing the U.S. Mission's GCC Strategy for India

# GEP CCS Focus Areas

## Efficient Power Generation

- Sustaining Efficiency Improvement in existing utilities
- Facilitating Development of High Efficiency and Lower GHG Emitting New Capacity Addition

## Fostering Climate Change Initiatives for Sustainable Development

- Increasing capacity for participatory approaches to designing and implementing market based systems for solving local and global emissions
- Increasing competitiveness of Indian projects to tap into existing and emerging financing for GHG reduction

## Linking Urban Development with Climate Change

- Designing a transport project (for GEF funding?) integrating low GHG technologies with more efficient traffic management systems
- Increasing municipal capacity to quantify methane emissions, assess re-use potential and design representative project

# Global Bureau Activities

**Comparative analysis of barriers to and strategies for promoting market-based energy efficiency improvements in India, Egypt and Brazil Moving Markets for Energy Efficiency (MMEE) program of G/ENV/EET**

**Technology Cooperation Agreement Pilot Project (TCAPP) with following objectives:**

- **To foster private investment in clean energy technologies**
- **Establish model for technology transfer under UNFCCC**

# LINKAGES BETWEEN ENERGY AND WATER

Groundwater Irrigation and Power Sector

Municipal Water Supply and Power Utilities

Power of Niche Interventions (eg. Calcutta Water Supply, Orissa, Faridabad, Pune)

## STATUS:

Design of the activity just initiated and expected to be completed by September 2000

# South Asia Regional Initiative/Energy Program (SARI)

**Purpose:** To Encourage cooperation and eventual trade in clean energy between South Asian Countries

**Funding:** \$ 50 million

**Program Duration:** 4 years

**Participating Countries:** Bangladesh, India, Nepal, Sri Lanka, Bhutan and Maldives as appropriate  
SARI will be headquartered in New Delhi and a USPSC will be hired who will be responsible for the program management

# SARI - Program Objectives

Improve the Institutional capacity of South Asian policy makers to promote sustainable energy development

Promote private sector participation in, and civil society support for, energy development; and

➤ Create and/or strengthen regional forums, networks and associations for cooperation and advocacy on sustainable energy development

# SARI - Illustrative Results:

- Private sector business, government representatives and others parties in region will form working groups to exchange ideas and analyze energy problems resulting in enhanced mutual trust to remove barriers to regional energy cooperation and trade
- GHG emissions will be reduced, particularly in India where reliance on coal will decrease as other sources of energy from the region become available
- Private sector groups, particularly local organizations will champion energy sector reform and promote sustainable energy development with their financial and technical resources

# Energy Program Results

Private power projects are selling power

Regulatory reform and restructuring is ongoing at the center and in the states

Effective energy legislation drafted and passed

A paradigm shift in “clean coal” policy has resulted in construction of India’s first private coal washery

- **Replicable, commercial renewable energy companies established, such as those selling village-level solar lighting**
- The introduction of thermal power efficiency know-how, reducing millions of tons of greenhouse gases
- **Improvement in end-use efficiency through utility programs and ESCOs**
- Technical assistance influencing billions of dollars of donor and private sector investments in the Indian power sector

# NEW ACTIVITY WATER ENERGY NEXUS

## COINCIDENCE OF TWO SHORTAGES

### WATER CRISIS AND NEED FOR PLANNING

- Limited Renewable Water Resources
- High Population Growth
- Lack of Integrated Water Resources Planning & Management
- Increasing cost of Supply Expansion

### POWER SECTOR CRISIS AND NEED FOR REFORM

- Low Capital Productivity
- Poor Technical and Management Performance
- Halting Sector Reforms
- Power Shortages and High Losses

## DCA Guarantee - Proposed Pilot Power Plant

Rajasthan Agro-Waste Private Limited, Alwar (RAPL), promoted by Manipal-NRI International (MNI), a U.S. based corporation is manufacturing mustard husk briquettes to be used as fuel in the power plant.

- MNI holds a license to set-up a power plant of 100 MW using biomass fuel.
- To start with MNI plans to set-up a pilot power plant of 12.5 MW in Rajasthan using these briquettes as fuel.

MNI plans to put-up 7 decentralized mustard husk briquetting units, each with a capacity of 15,000 tons/yr to manufacture 100,000 tons of briquettes to be used as fuel in the proposed power plant.

Mustard husk briquette, a renewable source of energy costing 50% of the coal, is a viable option to the fossil fuel.

- ICICI has provided a loan assistance of Rs.36 million (\$900,000) to RAPL out of project Reflow funds to co-finance the cost of three of the proposed seven units. The total estimated cost of three three units is Rs.60 million (\$1.5 million).

The pilot power plant is estimated to cost \$12.5 million which will be funded in 30:70 debt/equity ratio. The equity will be contributed by the promoters and NRIs located in the U.S. For debt portion of approximately US\$ 9 million, MNI has approached Indian financial institutions.

- MNI's 12.5 MW power plant, when operational, is expected to avoid 125,000 tons of CO<sub>2</sub> per year by using these briquettes as fuel instead of coal.