FOIA Number: 2017-1094-F

FOIA MARKER

This is not a textual record. This is used as an administrative marker by the William J. Clinton Presidential Library Staff.

Collection/Record Group: Clinton Presidential Records

Subgroup/Office of Origin: WH Task Force on Climate Change

Series/Staff Member: Roger Ballentine; Paul Bledsoe; Julie Anderson

Subseries:

OA/ID Number: 41301

FolderID:

Folder Title:
China Statement

Stack:	Row:	Section:	Shelf:	Position:
S	**100**	**3**	**10**	**2**

CHINA/INDIA/RUSSIA
STATEMENT

White House Climate Change Task Force

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

FACSIMILE TRANSMISSION SHEET

To	Bob Semple	From	Paul Bledsoe
Office	NY Times	Date	6/12/00
Fax Number	(212) 556-3815	Fax Number	395-2311
Office Number	212-556-1832	Office Number	395-2310

Comments: Bob —

(1) Statements re: climate change by (A) India (B) China (C) Russia

(2) Anti-climate change action riders

(3) Background on Admin climate budget.

I've also faxed a copy of the climate change impacts report. It should reach you tomorrow morning. Paul Bledsoe 202-395-2345.

Pages: 16, including this cover sheet.

IF TRANSMITTAL IS INCOMPLETE, PLEASE PHONE

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 on 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.

# # #

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

1. The United States and India share a relationship founded on a common and deep commitment to democratic values and bound by growing engagement in diverse fields of human endeavor. 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. Cooperation 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 21st 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. The United States and India 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-U.S. 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. India intends to achieve by 2012 a 10% 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 modernization including re-powering of old power plants to improve Plant Load Factor, upgrading/strengthening of sub-transmission and distribution to reduce Transmission and Distribution losses and introduction of legislation on energy conservation for promoting end-use energy efficiency. The proposed Bureau of Energy Efficiency will act as the focal point for affecting end-use energy efficiency and formulating 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 of 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. The United States and India 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 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 recognize 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 recognize, in particular, that the Clean Development Mechanism could provide important opportunities for economic growth and environmental protection.

8. The United States and India recall their Joint Statement on Cooperation 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 26th 1999. The Joint Statement articulated the desire of the two countries to increase cooperation in energy and environment.

9. In pursuit of the collaborative goals set forth in this statement and in the Joint Statement of 26th 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 cooperation 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 bio-diversity 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. The United States and India 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.

FOR THE GOVERNMENT OF THE UNITED STATES OF AMERICA:	FOR THE GOVERNMENT OF THE REPUBLIC OF INDIA:
Madeleine K. Albright Secretary of State	Jaswant Singh Minister for External Affairs

THE WHITE HOUSE

Office of the Vice President

For Immediate Release	**Contact:**
Friday, May 19, 2000	**(202) 456-7025**

VICE PRESIDENT GORE ANNOUNCES JOINT STATEMENT OF U.S. AND CHINA ON ENVIRONMENT COOPERATION EFFORTS

Washington, DC--Vice President Al Gore announced today that the United States and China have signed a joint statement pledging stronger cooperation on a range of efforts to protect the environment and promote sustainable development, including international efforts to combat global climate change.

The joint statement -- signed in Beijing by U.S. Ambassador Joseph Prueher and Madame Zhu Lilan, China's Minister of Science and Technology -- is the latest result of the U.S.-China Forum on Environment and Development co-chaired by Vice President Gore and Chinese Premier Zhu Rongji. Negotiations on the statement were completed following a letter from the Vice President to the Premier urging his support.

"This statement represents an important step forward in our continuing efforts with China to achieve cleaner, more sustainable growth," said the Vice President. "I am particularly pleased that the Chinese government is declaring a new willingness to work with us in the international effort to address climate change. Only through cooperation and engagement can we hope to meet our pressing global environmental challenges."

In the joint statement, the United States and China "recognize that countries can achieve sustained economic growth while protecting the environment and taking actions to combat climate change." The two countries also express their willingness "to entertain new and creative thinking and approaches to cooperation between developed and developing countries on climate change."

The U.S.-China statement comes two months after a joint statement by the United States and India that also pledged stronger cooperation to address climate change and other environmental concerns.

On trade issues, today's statement notes that China's entry into the World Trade Organization could advance its clean energy and environmental protection efforts by accelerating the greater use of environmentally-sound technologies in China. It affirms the two countries' intent "to work together to assure than any increased trade flows will not undercut natural resource management and species protection programs."

The U.S.-China Forum on Environment and Development was established in 1997 to expand bilateral cooperation and dialogue on sustainable development and environmental protection. In April 1999, Gore and Zhu Rongji co-chaired the Forum's second session in

Washington, DC. Its third session, a minister-level meeting, was held in Honolulu in January 2000. Plans are underway for a fourth session in China.

The Forum includes four working groups: Energy Policy, Environmental Policy, Science for Sustainable Development, and Commercial Cooperation. Through the activities of the working groups, the U.S. and China are now cooperating to ensure continued trade in biotechnology products that do not harm the environment, to develop cleaner production methods as well as cleaner and more efficient sources of energy, to minimize air pollution and its effects on human health, and to mitigate and reduce the effects of natural disasters.

###

JOINT STATEMENT ON COOPERATION
ON ENVIRONMENT & DEVELOPMENT
BETWEEN THE UNITED STATES AND CHINA

1. The United States and China agree that meeting development needs in a sustainable manner is one of the most important challenges of the 21st century. They underscore the central role energy plays in economic development, as well as the human health and environmental risks associated with unsustainable use of energy and natural resources. They note that the development and deployment of cleaner and more efficient energy technologies will contribute significantly to improving local air quality and protecting the global environment. The United States and China recognize that countries can achieve sustained economic growth while protecting the environment and taking actions to combat climate change.

2. The United States and China 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 the US-China Forum on Environment and Development and commit to further their cooperation in the fields of clean energy, environmental protection, science and technology and commercial cooperation. The two nations will also continue to cooperate on efforts to strengthen the Chinese environmental regulatory regime to encourage pollution control and abatement.

3. The United States and China recognize the potential of Chinese accession to the WTO to broaden and accelerate the transfer of environmentally-sound technologies, goods and services, thereby advancing clean energy and environmental protection goals.

4. The two countries are taking many initiatives on their own to mitigate the impact of energy production and use on the environment. China plans to expand significantly the use of natural gas in China's energy supply and increase the utilization of coalbed methane and clean coal technologies. China also plans to

increase significantly the generation of power from renewable energy sources. China's recent structural reforms and removal of certain fossil fuel subsidies have already resulted in economic and environmental benefits; further economic reforms should result in additional environmental benefits.

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; issuance by the President of a directive that sets a target to triple the use of bio-energy in the U.S.; issuance by the President of a directive to reduce petroleum use in the federal vehicle fleet; and establishment by the Department of Energy of new goals to increase the share of U.S. electricity generated by wind power.

6. The United States and China reaffirm their strong support for international efforts to combat global climate change under the UN Framework Convention on Climate Change and its Kyoto Protocol, in accordance with the principle of common but differentiated responsibilities. The two countries express the willingness to entertain new and creative thinking and approaches to cooperation between developed and developing countries on climate change. The two countries intend to work together and with other countries toward early agreement on the elements of the Kyoto mechanisms, including the Clean Development Mechanism, which could offer opportunity for mutually beneficial cooperation between developed and developing countries. They recognize, in particular, that the Clean Development Mechanism could provide important opportunities for economic growth and environmental protection.

7. China and the United States reaffirm their commitment to sustainable management and protection of natural resources and endangered species. China is taking aggressive steps to combat deforestation, including banning of logging in

southwest China and an ambitious tree-planting and reforestation program in the Yangtze basin, in the Beijing metropolitan area, and elsewhere. The two countries have a long history of cooperation in this area, and affirm their intention to work together to assure that any increased trade flows will not undercut natural resource management and species protection programs.

8. The United States and China believe that energy and environment constitutes 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, China-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.

THE WHITE HOUSE

Office of the Press Secretary
(Moscow, Russia)

For Immediate Release June 4, 2000

FACT SHEET

Protecting the Environment and Combating Global Warming

President Clinton and President Putin today announced a new commitment between the United States and the Russian Federation to strengthen joint efforts to combat global climate change. The two nations pledged to work together and with other nations to complete the negotiations necessary to make the Kyoto Protocol a working reality. They pledged to expand cooperation on the measurement and reporting of greenhouse gas emissions, and called for strong, transparent international rules that maximize the potential of the Protocol's market-based tools to achieve cost-effective emissions reductions.

Joint Statement on Cooperation to Combat Global Warming. The joint statement reaffirms the commitment of the United States and the Russian Federation to strengthen their cooperation in fighting global warming. It follows a joint statement between the United States and China last month, and a U.S.-India statement in March, pledging stronger cooperation on climate change and other environmental concerns. The statement with Russia outlines a common climate change agenda, including:

- Promotion of a shared vision that countries can achieve robust economic growth while protecting the environment and taking action to combat climate change;
- Reaffirmation of the United States' and Russia's opposition to proposals to limit the Kyoto mechanisms by placing quantitative restrictions on their use;
- Reaffirmation of the importance of developing rigorous and transparent rules and guidelines for the Kyoto Protocol's flexibility mechanisms, including international emissions trading and joint implementation; and,
- A declaration by the United States that it intends to expand cooperation with Russia in the measurement and reporting of greenhouse gas emissions, the development of market-based tools for managing those emissions, and the identification of specific opportunities to further reduce or sequester those emissions.

Statement Builds Upon Ongoing Bilateral Consultations and Technical Assistance. Today's statement builds upon ongoing cooperation on climate change between the United States and the Russian Federation, which has been coordinated primarily through the U.S.-Russia Joint Commission, under the leadership of Vice President Gore. As a result of this coordination, a variety of ongoing technical assistance programs have been carried out in recent years under the sponsorship of the U.S. Environmental Protection Agency, the U.S. Agency for International Development, the Department of Energy, and the National Oceanic and Atmospheric Administration. Current work includes efforts to:

- Encourage energy efficiency in Russia;
- Capture methane emissions from coal mines and landfills;
- Curb natural gas pipeline leakage;
- Improve greenhouse gas inventories at the regional level;
- Reduce mobile source emissions; and,
- Develop domestic emissions trading programs in Russia.

Global Warming and the Kyoto Protocol. 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. Under the 1997 Kyoto Protocol to the UN Framework Convention on Climate Change, the world's industrialized nations -- including the United States and Russia -- agreed to reduce their overall greenhouse gas emissions by more than 5% percent below 1990 levels by 2008-2012. The Protocol, which has not yet been ratified by either nation, also contains important market-based mechanisms to ensure that nations can meet their targets in a cost-effective manner.

Under Kyoto's emissions trading provisions, for example, countries or companies that find it relatively expensive to reduce emissions may purchase additional emissions units from emitters that have already met their targets with room to spare. Economists widely agree that trading will encourage reductions where they can be achieved at the lowest cost, resulting in the greatest reductions for each available dollar, ruble, yen, or euro.

# # #

JOINT STATEMENT
ON COOPERATION TO COMBAT GLOBAL WARMING

President of the United States Clinton and President of the Russian Federation Putin reaffirm the commitment of the United States and the Russian Federation to cooperate in taking action to reduce the serious risks of global warming. They take note of the significant contributions to environmental protection made by the U.S.-Russian Joint Commission on Economic and Technical Cooperation under the co-chairmanship of Vice President Gore and the Prime Minister of the Russian Federation.

The Presidents declare their conviction that national and global economic growth can be achieved while continuing to protect the global climate. The Presidents note with approval the close cooperation of the two countries in multilateral negotiations to elaborate upon elements of the Kyoto Protocol to the U.N. Framework Convention on Climate Change. They stress the importance of fully developing the Protocol's flexibility mechanisms, including international emissions trading and joint implementation, which are essential to achieving countries' greenhouse gas (GHG) emissions reduction commitments under the Protocol. They believe transparent rules for these mechanisms must be developed.

The Presidents further note the potential of the Kyoto Protocol mechanisms to promote investment in all areas where it is possible to limit or reduce GHG emissions. They reaffirm the opposition of the U.S. and Russian governments to proposals that limit the Kyoto Protocol mechanisms by placing quantitative restrictions on the transfer of Parties' assigned amounts. The Presidents reiterate the commitment of their governments to work for agreement on these and other issues at the Sixth Meeting of the Conference of the Parties taking place in The Hague in November of this year.

Building upon previous joint accomplishments, the U.S. and Russia plan to continue their cooperation on the problem of global climate change.

President Clinton declares the intention of the Government of the United States of America to continue cooperation with Russia in the measurement and reporting of GHG emissions, the development of market-based tools for managing those emissions, and the identification of specific opportunities in Russia to further reduce or sequester those emissions.

President Putin, noting the significant contributions made by the Russian Federation to reduce emissions of greenhouse gases, declares the intention of the Russian Federation to expand and strengthen the mutually beneficial U.S-Russian cooperation in the area of the fight against global warming, paying special attention to the activities of the Joint Russian-American Climate Policy Working Group.

Through these actions, Presidents Clinton and Putin express their conviction that effective steps can be taken by political leaders, and by leaders in scientific, business and other circles, to protect the planet that we share from the threat of global warming.

Moscow
June 4, 2000

BACKGROUND ON CONGRESS' "DO NOTHING" CLIMATE RIDER

Existing Climate Rider. The existing (FY2000) climate rider states that "...none of the funds appropriated by this Act shall be used to propose or issue rules, regulations, decrees, or orders for the purpose of implementation, or in preparation for implementation, of the Kyoto Protocol."

New Rider. Attached to the FY 2001 Agriculture Appropriations bill is the following rider: "Hereafter no funds shall be used for the Kyoto Protocol, including such Kyoto mechanisms as carbon emissions trading schemes and the Clean Development Mechanism that are found solely in the Kyoto Protocol and nowhere in the laws of [the] United States." Proponents are vowing to attach it to "all" of this year's appropriations bills. Accompanying report language directs the Administration to submit the Kyoto Protocol to the Senate "within three years of the date of adoption", i.e., December 11, 2000. (Rider language attached).

History of the Rider on Appropriations Bills.

FY1999:
- Rider on VA/HUD only.
- VA/HUD conference report language clarifies intent of language is to prevent funds from being used "to implement actions called for **solely** under the Kyoto Protocol."

FY2000:
- Rider on VA/HUD as well as Foreign Ops; Commerce, Justice, State; Interior; Energy & Water; and Agriculture.
- No conference report language, but a Byrd/Bond/Mikulski colloquy makes clear that the rider doesn't restrict ongoing voluntary programs but only the proposal or issuance of "rules, regulations, decrees, or orders for the sole purpose of implementation of the Kyoto Protocol prior to its consideration by the Senate." (Sen. Bond).

Unfounded Allegations. Rep. Knollenberg and other naysayers have repeatedly used past rider language to attack the Administration's climate policies and programs, claiming at numerous appropriations hearings and in writing that the Administration is "ignoring" the appropriations rider, despite findings to the contrary by the Inspector Generals of several agencies (see below). In both oral and written questions to Administration officials (e.g., EPA, DOE, State, and particularly AID), he insists that funds are being used for "Pro-Kyoto Lobbying" of state and local entities and developing countries. This questioning has caused dozens of officials to spend thousands of hours and taxpayers' money defending their execution of legitimate, Congressionally authorized and appropriated programs.

Inspector General Investigations. In February of this year, Rep. Knollenberg wrote letters to the Inspector Generals (IG) of EPA, DOE and State, claiming that the participation of representatives from all three agencies at an international climate change workshop in Germany, and EPA participation in a domestic workshop constituted violations of the rider. His rationale was that in discussing the implementing mechanisms of the Protocol, and the necessary preconditions for successfully implementing the Protocol, staff were engaged in activities in violation of the rider. He requested IG investigations of these specific activities, as well as any other activities that may violate the legislative rider.

IG Responses: To date, EPA and DOE's IGs have responded to Rep. Knollenberg in writing, stating that they do not believe either agency's activities constitute a violation of the rider. The State Department's IG has yet to respond.

In response to Rep. Knollenberg's letter to the IGs, Congressmen Waxman and Pallone sent their own letter in March of this year to the same IGs, disagreeing with Rep. Knollenberg. They argue in a 7-page letter that: (1) the Constitution vests authority over foreign policy and the power to negotiation treaties in the Executive Branch, and that Rep. Knollenberg ignores this authority; (2) the United States has significant obligations and authorities under the United Nations Framework Convention on Climate Change (UNFCCC), and Rep. Knollenberg is trying to claim the appropriations rider "overrides" those authorities; and, (3) that Mr. Knollenberg stretches the language of the appropriations rider past its literal and plain meaning or any reasonable interpretation of Congress' intent in passing it. The Congressmen's arguments are clearly laid out in the letters to the IGs, citing the Congressional Record, appropriations and conference report language, and floor statements to back their claims. They conclude: "...we see no basis for Rep. Knollenberg's concerns that the Administration is currently acting in violation of the Kyoto appropriations language. The activities discussed in Rep. Knollenberg's letter appear to be prudent activities, authorized by the Constitution, and called for by the UNFCCC."

President Clinton's FY 2001 Climate Change Budget

"The greatest environmental challenge of the new century is global warming . . . If we fail to reduce the emission of greenhouse gases, deadly heat waves and droughts will become more frequent, coastal areas will flood, and economies will be disrupted. That is going to happen, unless we act. Many people . . . still believe you cannot cut greenhouse gas emissions without slowing economic growth. In the Industrial Age that may well have been true. But in this digital economy, it is not true anymore. New technologies make it possible to cut harmful emissions and provide even more growth."

-- President Bill Clinton, State of the Union Address, January 27, 2000

Meeting the Challenge of Global Warming. Against a backdrop of growing scientific consensus that the Earth is warming – and that human activities are at least partly to blame – President Clinton's FY 2001 budget is proposing $2.4 billion (a 43 percent increase over FY 2000 enacted levels) in funding to combat global climate change. This includes a series of new initiatives, such as accelerated efforts to develop clean energy sources both at home and abroad and a new Clean Air Partnership Fund to boost state and local efforts to reduce greenhouse gases and air pollution, as well as a five-year package of tax incentives to spur clean energy technologies and increased investment for R&D in energy efficient technology and renewable energy. In addition, the President is proposing more than $1.7 billion for global change research, for a total package for FY 2001 of over $4 billion.

International Clean Energy Initiative. To help accelerate the development and deployment of clean energy technologies around the world, President Clinton is proposing $201 million (a more than 100 percent increase over FY 2000 enacted levels) for a multi-agency initiative to encourage open competitive markets; remove market barriers in developing countries to clean energy technologies; and to provide new incentives for clean energy technology innovation and export. The initiative will promote U.S. clean energy exports, create high-value jobs, and assist developing countries in fighting air pollution and climate change.

Bioenergy & Bio-based Products Initiative. The budget includes $289 million to accelerate the development of bio-based technologies, which convert crops, trees and other "biomass" into a vast array of fuels and products – an increase of $93 million over FY 2000 enacted levels. In addition to helping meet environmental challenges like global warming, this initiative will increase the viability of alternative energy sources, support farm incomes, and diversify and strengthen the rural economy.

Clean Air Partnership Fund. The President proposes $85 million for a new fund to provide grants to state and local governments for projects that reduce both greenhouse gases and pollutants like soot, smog, and air toxics.

Climate Change Technology Initiative (CCTI). The CCTI is a package of targeted tax incentives and investments aimed at increasing energy efficiency and spurring the broader use of renewable energy. The package will save consumers money and reduce greenhouse gas emissions at the same time. CCTI investments have risen substantially each of the past two years. The President's new budget proposes a still more accelerated effort.

$4.0 billion in Tax Incentives over 5 years. The proposed package contains $4.0 billion over five years in tax cuts ($201 million for FY 2001) for consumers who purchase energy efficient products and for producers of energy from renewable sources. This year's CCTI tax package is $400 million greater than last year's proposed five-year package. Highlights include:

- Tax credits for energy efficient homes. Consumers can receive a $1000-2000 credit toward the purchase of a new energy efficient home; a 20 percent tax credit for the purchase of selected energy efficient products for homes and buildings; and a $1000-2000 credit for installing a solar energy system.

- Tax credits for fuel-efficient cars. The package extends the current tax credit (of up to $4000) through 2006 for qualified electric and fuel cell vehicles and also includes a tax credit of $500-3000 for the purchase of a qualifying hybrid vehicle from 2003-2006.

- Tax credits for clean energy. The package extends the 1.5 cent per kilowatt hour tax credit for the production of electricity from wind and closed-loop biomass; provides credits for open-loop biomass facilities and coal-biomass cofiring; and provides credits for electricity produced from methane from certain landfills.

$1.4 billion for Energy Efficiency & Clean Energy. The proposed package contains over $1.4 billion in FY 2001 to research, develop, and deploy clean technologies for the four major carbon-emitting sectors of the economy -- buildings, transportation, industry, and electricity – a 30 percent increase over the amount appropriated in FY 2000. Highlights include:

- Partnership for a New Generation of Vehicles. PNGV is a government-industry effort to develop comfortable, affordable cars that meet all applicable safety and environmental standards and get up to three times the fuel efficiency of today's cars. The combined proposal for PNGV in the FY 2001 budget is $255 million, an increase of $30 million over FY 2000 enacted levels.

- Partnership for Advancing Technology in Housing. PATH is a government-industry partnership to improve the energy efficiency of new homes by more than 50 percent and to retrofit 15 million existing homes to make them 30 percent more energy efficient within a decade. The FY 2001 budget request for building efficiency efforts, such as PATH, Energy Star, and Building America, totals $275 million, a 42 percent increase over FY 2000 appropriations.

- Renewable Energy. The President proposes $410 million for the Department of Energy's solar and renewable energy programs, a 32 percent increase over the amount appropriated in FY 2000. The package includes expanded efforts in key renewable technologies, such as wind, bioenergy, photovoltaics, and geothermal energy.

Cleaner Fossil Fuels. The budget request contains $233 million for R&D to develop next-generation technologies for coal combustion with much higher energy efficiency and lower greenhouse gas emissions.

Weatherization & State Energy Grants. The budget request includes $191 million -- a $22 million increase over FY 2000 appropriations -- to deliver energy conservation services to low-income Americans and to assist state energy offices in addressing their energy priorities.

U.S. Global Change Research Program. The FY 2001 request includes over $1.7 billion for scientific research to improve our understanding of human and natural forces that influence the Earth's climate system and to assess the likely consequences of global warming.

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 on 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.

# # #

THE WHITE HOUSE

Office of the Vice President

For Immediate Release
Friday, May 19, 2000

Contact:
(202) 456-7025

VICE PRESIDENT GORE ANNOUNCES JOINT STATEMENT OF U.S. AND CHINA ON ENVIRONMENT COOPERATION EFFORTS

Washington, DC--Vice President Al Gore announced today that the United States and China have signed a joint statement pledging stronger cooperation on a range of efforts to protect the environment and promote sustainable development, including international efforts to combat global climate change.

The joint statement -- signed in Beijing by U.S. Ambassador Joseph Prueher and Madame Zhu Lilan, China's Minister of Science and Technology -- is the latest result of the U.S.-China Forum on Environment and Development co-chaired by Vice President Gore and Chinese Premier Zhu Rongji. Negotiations on the statement were completed following a letter from the Vice President to the Premier urging his support.

"This statement represents an important step forward in our continuing efforts with China to achieve cleaner, more sustainable growth," said the Vice President. "I am particularly pleased that the Chinese government is declaring a new willingness to work with us in the international effort to address climate change. Only through cooperation and engagement can we hope to meet our pressing global environmental challenges."

In the joint statement, the United States and China "recognize that countries can achieve sustained economic growth while protecting the environment and taking actions to combat climate change." The two countries also express their willingness "to entertain new and creative thinking and approaches to cooperation between developed and developing countries on climate change."

The U.S.-China statement comes two months after a joint statement by the United States and India that also pledged stronger cooperation to address climate change and other environmental concerns.

On trade issues, today's statement notes that China's entry into the World Trade Organization could advance its clean energy and environmental protection efforts by accelerating the greater use of environmentally-sound technologies in China. It affirms the two countries' intent "to work together to assure than any increased trade flows will not undercut natural resource management and species protection programs."

The U.S.-China Forum on Environment and Development was established in 1997 to expand bilateral cooperation and dialogue on sustainable development and environmental protection. In April 1999, Gore and Zhu Rongji co-chaired the Forum's second session in

Washington, DC. Its third session, a minister-level meeting, was held in Honolulu in January 2000. Plans are underway for a fourth session in China.

The Forum includes four working groups: Energy Policy, Environmental Policy, Science for Sustainable Development, and Commercial Cooperation. Through the activities of the working groups, the U.S. and China are now cooperating to ensure continued trade in biotechnology products that do not harm the environment, to develop cleaner production methods as well as cleaner and more efficient sources of energy, to minimize air pollution and its effects on human health, and to mitigate and reduce the effects of natural disasters.

###

THE WHITE HOUSE

Office of the Press Secretary
(Moscow, Russia)

For Immediate Release June 4, 2000

FACT SHEET

Protecting the Environment and Combating Global Warming

President Clinton and President Putin today announced a new commitment between the United States and the Russian Federation to strengthen joint efforts to combat global climate change. The two nations pledged to work together and with other nations to complete the negotiations necessary to make the Kyoto Protocol a working reality. They pledged to expand cooperation on the measurement and reporting of greenhouse gas emissions, and called for strong, transparent international rules that maximize the potential of the Protocol's market-based tools to achieve cost-effective emissions reductions.

Joint Statement on Cooperation to Combat Global Warming. The joint statement reaffirms the commitment of the United States and the Russian Federation to strengthen their cooperation in fighting global warming. It follows a joint statement between the United States and China last month, and a U.S.-India statement in March, pledging stronger cooperation on climate change and other environmental concerns. The statement with Russia outlines a common climate change agenda, including:

- Promotion of a shared vision that countries can achieve robust economic growth while protecting the environment and taking action to combat climate change;
- Reaffirmation of the United States' and Russia's opposition to proposals to limit the Kyoto mechanisms by placing quantitative restrictions on their use;
- Reaffirmation of the importance of developing rigorous and transparent rules and guidelines for the Kyoto Protocol's flexibility mechanisms, including international emissions trading and joint implementation; and,
- A declaration by the United States that it intends to expand cooperation with Russia in the measurement and reporting of greenhouse gas emissions, the development of market-based tools for managing those emissions, and the identification of specific opportunities to further reduce or sequester those emissions.

Statement Builds Upon Ongoing Bilateral Consultations and Technical Assistance. Today's statement builds upon ongoing cooperation on climate change between the United States and the Russian Federation, which has been coordinated primarily through the U.S.-Russia Joint Commission, under the leadership of Vice President Gore. As a result of this coordination, a variety of ongoing technical assistance programs have been carried out in recent years under the sponsorship of the U.S. Environmental Protection Agency, the U.S. Agency for International Development, the Department of Energy, and the National Oceanic and Atmospheric Administration. Current work includes efforts to:

- Encourage energy efficiency in Russia;
- Capture methane emissions from coal mines and landfills;
- Curb natural gas pipeline leakage;
- Improve greenhouse gas inventories at the regional level;
- Reduce mobile source emissions; and,
- Develop domestic emissions trading programs in Russia.

Global Warming and the Kyoto Protocol. 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. Under the 1997 Kyoto Protocol to the UN Framework Convention on Climate Change, the world's industrialized nations -- including the United States and Russia -- agreed to reduce their overall greenhouse gas emissions by more than 5% percent below 1990 levels by 2008-2012. The Protocol, which has not yet been ratified by either nation, also contains important market-based mechanisms to ensure that nations can meet their targets in a cost-effective manner.

Under Kyoto's emissions trading provisions, for example, countries or companies that find it relatively expensive to reduce emissions may purchase additional emissions units from emitters that have already met their targets with room to spare. Economists widely agree that trading will encourage reductions where they can be achieved at the lowest cost, resulting in the greatest reductions for each available dollar, ruble, yen, or euro.

# # #

The Energy Daily

Est. 1973

27 Years of Excellence In Reporting

627 National Press Building • Washington, D.C. 20045 • (202) 638-4260 • Fax: (202) 662-9740

ED Volume 28, Number 98

Monday, May 22, 2000

House Boosts DOE Defense, Cleanup Funding; Sidesteps Workers Compensation Effort

BY GEORGE LOBSENZ

The House last week approved a defense authorization bill for fiscal year 2001 that provides a $770 million increase for the Energy Department's nuclear weapons and cleanup programs, but largely sidesteps DOE's effort to provide compensation to sickened weapons plant workers.

The bill, approved 353-63 Thursday, came in about $279 million below DOE's budget request of $13.1 billion, but cuts were limited to a few areas and most programs saw their funding rise from the current fiscal year.

Overall, the bill provided $12.8 billion for weapons and cleanup programs, compared to $12.1 billion in the current fiscal year.

Meanwhile, lawmakers who had been hoping to attach legislation to implement DOE's worker compensation initiative were forced to back off in the face of substantive and procedural questions.

Proponents of the compensation effort ultimately were forced to settle for inserting into the bill a sense of Congress resolution expressing support for a compensation initiative for workers

(Continued on page 8)

China Pledges Cooperation In Cutting Greenhouse Gases

BY CHRIS HOLLY

In a development trumpeted by the White House and roundly cheered by environmentalists, Vice President Gore announced Friday that the United States and China have signed a joint statement pledging stronger cooperation on efforts to protect the environment, including ongoing talks on implementing the Kyoto Protocol.

China long has been a recalcitrant player in international climate treaty negotiations, stubbornly refusing to commit to cutting its greenhouse gas emissions, which are rising at a rate at which it—along with India—will surpass the United States within two decades or less as the world's leading greenhouse gas emitters.

But in a statement that is titillating White House staffers and environmentalists alike, the two nations "express the willingness to entertain new and creative thinking and approaches to cooperation between developed and developing countries on climate change."

The statement adds that the two countries "intend to work

(Continued on page 3)

Markup Date Set

Momentum Building For House Action On Restructuring

BY CHRIS HOLLY

House Commerce Committee Chairman Thomas Bliley announced Friday he has scheduled a markup of electric industry restructuring legislation for June 14 and another key member of the panel signaled that progress is being made toward an agreement on how to regulate the nation's transmission grid in a fully competitive environment.

Flanked by eight Republican committee colleagues, Bliley told reporters at a Capitol Hill press conference that after holding more hearings on restructuring than on any other issue since taking over the committee chairmanship, he thinks it is time to move a bill.

The Virginia Republican acknowledged that several major disputed issues remain to be resolved, but expressed confidence that the committee can move a bill.

"The two issues that are going to be the toughest nuts to crack are transmission and reliability," Bliley said, adding that bringing the Tennessee Valley Authority and the Bonneville Power Administration into a competitive universe and addressing concerns of rural electric cooperatives and municipal utilities will also be difficult issues. "It can be done," he declared.

Bliley also responded to news accounts that surfaced last week revealing the secret $17 million effort by nine investor-owned utilities to fund two front groups that lobbied aggressively against federally mandated competition. The groups, Electric Utility Shareholders Alliance (EUSA) and Citizens for State Power (CSP), mounted vigorous advertising and lobbying campaigns aimed ini-

(Continued on page 2)

Richardson Targets Poor Contractor Performance

Energy Secretary Bill Richardson announced a new initiative Friday to crack down on poor contractor performance, including new authority for the secretary of Energy to direct the removal of a senior contract manager who is performing poorly.

Richardson also said the initiative calls for an annual meeting by the secretary of Energy with the chief executive officers of all key contractors to review their performance.

"This department is accountable to the American public for its performance and we must do better than we are today. We need to get everyone focused on key goals and objectives and hold everyone accountable—replacing chronic poor performers and rewarding those who are doing well," Richardson said.

Richardson said his initiative also placed more responsibility on the department's senior managers to ensure that contractors are meeting key mission goals.

Other elements of Richardson's plan call for:

- Measures to ensure that performance fees will be paid in full when earned or withheld when performance objectives are not met;
- Adding a contract clause to all facility management contracts to ensure that performance bonuses paid by contractors to its key managers are dependent on the achievement of contract performance objectives.
- Expanding the DOE's "watch list" to include marginal or poor performing contractors. A project or contractor placed on the watch list would be subject to more frequent reporting and closer scrutiny until performance improved or the contract was terminated.
- Holding federal senior executives accountable for effective contractor management through their own performance plans.
- Briefing the secretary of Energy on contractor performance assessments and proposed performance awards prior to the disbursement of money.

Momentum On Restructuring...

(Continued from page one)

tially at blocking any legislation containing a federal mandate.

When Bliley dropped his insistence on a date certain for retail competition last year, the groups's ads changed to portrayals of the Federal Energy Regulatory Commission as eager to expand its power at the ratepayers' expense, and of municipal utility executives as pirates and pickpockets out to fleece the public. The ads angered FERC and muni officials, particularly since one group—CSP—repeatedly refused to reveal the source of its funding.

Leaked internal documents on the groups' activities—including memos that disparaged several members of the Commerce Committee—spoke in detail of their strategies for blunting Bliley's efforts to move legislation. Bliley has sent letters to top executives at each of the nine companies questioning their role in the EUSA-CSP activities, but had not otherwise addressed the issue publicly.

"I have no problem with people disagreeing with me," Bliley said. "That's their right and I respect it completely. However, if you come in the front door of my office and say you want to negotiate and then out the back door you're backing a shell group [opposing restructuring]...I think that's despicable."

Energy and power subcommittee chairman Joe Barton (R-Texas) shrugged off questions implying the two groups unduly influenced the legislation approved last October by his subcommittee.

"It's hard to determine exactly what the intent of the groups was," Barton said. "If their intent was to prevent the subcommittee from moving a bill, it failed miserably."

But Rep. Steve Largent (R-Okla.), a member of Barton's subcommittee who has emerged over the past two years as one of the more knowledgeable members on restructuring issues, said he has no doubt about the intent of the utilities that paid for the EUSA-CSP activities.

"There's no question in my mind what the intent of those companies was," Largent said. "It was to kill a bill, to stop it from coming out of the subcommittee."

Largent told The Energy Daily that he believes the revelation of the IOU activities has helped to "energize" committee members and restructuring stakeholders alike to try to reach an agreement on a bill as well as contributing to Bliley's decision to schedule a markup.

"It definitely created doubt about the arguments these groups were putting forward," he said. And Largent said those doubts had led to a willingness among some committee members to consider giving FERC more authority over the national transmission grid.

Largent said he agreed with Bliley that whether to give FERC ultimate authority over the grid remains the key issue preventing progress on a bill. He said solving that debate—combined with existing consensus draft legislation to create a new oversight entity with authority to enforce reliability standards—will go a long way toward addressing the nation's increasing electric reliability problems. But Largent said substantial work remains before the panel can move a bill.

"I think there are some significant, outstanding concerns that need to be resolved," he said, adding that Bliley needs to shape a legislative package that is more "aerodynamic" than comprehensive legislation Largent cosponsored last year with Massachusetts Democrat Edward Markey.

A bill able to clear the committee will at a maximum include language addressing transmission authority, regional transmission operators, the reliability compromise, repeal of the Public Utility Holding Company Act and prospective repeal of the mandatory purchase provisions of the Public Utility Regulatory Policies Act, interconnection standards and distributed generation, Largent said. "The more things we add, the more resistance you pick up," he said.

A staffer for House Whip Tom DeLay told The Energy Daily that solving the issue of who should have jurisdiction over transmission is the key to moving a bill through the House this year.

"If you solve that hurdle, then the rest of the bill will fall into place," he said. "If [House Majority Leader Dennis] Hastert sees a consensus forming, and I think there is one on transmission, then I think he will act and I think you can see a bill on the floor, if not before the August recess then sometime afterwards." The staffer added that the timing of floor action depends entirely on how many other House committees claim jurisdiction over portions of the legislation.

Calpine Offers High Reliability Power

Calpine announced last week a new business unit—Calpine c-Power—to sell highly reliable power, to meet what it sees as a growing demand in the computer industry and other high-tech fields.

"Highly reliable and clean power is one of the great electricity business opportunities of the new millennium," said Bob Hepple, president of Calpine c-Power. "Calpine's goal is to increase stockholder value by capturing a share of this investment in new technologies to move, condition, store and distribute electrons to power the exponential growth of the Internet economy."

Hepple added, "We will offer—and guarantee—reliabilities up to 99.9999 percent."

Hepple said in an interview Calpine's new business unit is trying to sell customers on the idea of taking themselves completely off the grid and using electricity generated in a central, on-site location that Calpine would set up.

Customers would also be able to use chilled water created as part of the generation to cool banks of computers.

Calpine proposes to own and operate the facilities on behalf of the big computer "farms" and other companies in need of super-reliable power.

Calpine is targeting companies with 500,000 square feet to 2.5 million square feet of space for the program.

Calpine noted it is headquartered in Silicon Valley "home to the driving force of electron demand in the 21st century."

China Pledges Cooperation... *(Continued from page one)*

together and with other countries toward early agreement on the elements of the Kyoto [compliance flexibility] mechanisms, including the Clean Development Mechanism (CDM), which could offer opportunity for mutually beneficial cooperation between developed and developing countries."

The CDM provisions in the Kyoto Protocol would allow an industrial nation to build clean energy projects in a developing nations and take credit from the resulting decrease in the developing nation's emissions. China has always been suspicious of the CDM and emissions trading, so for the country now to endorse these flexibility mechanisms is a refreshing change for U.S. negotiators, industry officials and environmentalists.

"It sounds positive to me," a utility industry official told *The Energy Daily*. "I think it's a good development. We've always said that the CDM is an important tool for reducing the cost of the protocol and I think it's a positive statement from China."

Congressional opponents of the Kyoto Protocol say it is fatally flawed because it requires the United States and other industrial nations to make painful emission reductions while rapidly growing developing nations such as China and India have no comparable commitments.

Jennifer Morgan, director of the World Wildlife Fund's Climate Change Campaign, said China's statement of "good will" bodes well for the treaty negotiations, set to resume in June in Bonn and culminate in November in The Hague.

"China's new statement on global warming flies in the face of those in Congress who say key developing countries will never act," Morgan said. "China's pledge to move toward less carbon-intensive fuels shows an increased level of their participation in the climate debate that we have never seen before."

China also said for the first time it will expand the use of natural gas, coal bed methane and clean coal technologies, and said it "plans to increase significantly the generation of power from renewable energy sources." China also acknowledged in the statement that it "can achieve sustained economic growth while protecting the environment and taking actions to combat climate change," another first.

India made a similar statement two months ago.

Texas Approves NCE-NSP Merger

The Public Utility Commission of Texas last week approved the proposed merger of New Century Energies and Northern States Power to form Xcel Energy, wrapping up the last of nine required state approvals.

The merger to create one of the ten largest utilities in the United States was approved earlier by the Federal Energy Regulatory Commission, the U.S. Justice Department and the Nuclear Regulatory Commission. The only approval remaining to be secured is from the U.S. Securities and Exchange Commission.

NCE, the Denver-based parent company of Southwestern Public Service Company, and Minneapolis-based NSP announced their merger proposal in March 1999.

Xcel will serve customers in 12 Southwestern and Midwestern states. Approvals were not required in three of the states.

The merger is expected to result in about $1.1 billion in merger-related savings over a 10-year period.

THE ENERGY DAILY
COPYRIGHT 2000 BY KING PUBLISHING GROUP
Llewellyn King, Publisher.
PUBLISHED MONDAY THROUGH FRIDAY. (ISSN: 0364-5274).
SUBSCRIPTION PRICE: $1,625 PER YEAR. FAX PRICE: $1,825 PER YEAR.
EDITORIAL STAFF:
George Lobsenz, Executive Editor, (202) 662-9725, Howard Buskirk, (202) 662-9739,
Tina Davis, (202) 662-9561, Chris Holly, (202) 662-9720.

The Energy Daily and TGAA present:

The Broadband Market:

A Critical Examination

June 5 - 6, 2000 - Houston
The Adam's Mark Hotel

Who should attend?

- Senior Utility Executives
- Power Traders
- Carriers
- Technology Executives
- *Marketing Representatives*
- Telecom Executives
- Investment Brokers & Analysts
- *Communication Lawyers*

Examine these questions and more!

- ***What lessons can you learn from major players such as Enron, Williams and Dynegy on Bandwidth Trading?***
- **How do your customers' views on Bandwidth Trading affect your strategy?**
- **How will Bandwidth Trading affect your company's bottom line?**
- ***What type of infrastructure does your company need for Bandwidth Trading?***
- ***How likely will there be any regulation on Bandwidth Trading in the near- or long-term future?***
- **How will you partner with other industries?**

Why Should you be there?

Bandwidth trading shows every sign of exploding into the next big spot market, on the level of natural gas and electricity trading or even bigger. Can your company afford to be left out of the picture? Top officials with trading houses will explain why this new emerging market is crucial.

Top U.S. energy companies are striving to put together bandwidth trading teams that could have a major effect on the global transfer of information.

Conference Program

Day One June 5, 2000

8:00 - 8:45 am
REGISTRATION & CONTINENTAL BREAKFAST

8:45 - 8:50 am
WELCOMING REMARKS
Llewellyn King, Publisher, *The Energy Daily*

8:50 - 9:25 am
AN OVERVIEW OF THE BROADBAND MARKET
Elizabeth Moore, Program Manager, Energy Communications, *Yankee Group*

9:25 - 10:00 am
MORNING KEYNOTE ADDRESS: THE STRATEGY OF WILLIAMS COMMUNICATIONS: AN ANALYSIS
Ken Epps, Senior Vice President & Chief Marketing Officer, *Williams Communications*

10:00 - 10:15 am
REFRESHMENTS AND BREAK

10:15 - 11:15 am
PUTTING TOGETHER THE INFRASTRUCTURE FOR BANDWIDTH TRADING
Christian A. Lemmer, Director of Bandwidth, Risk Management and Optimization, *Williams Communications*
A representative from *Ciena Corporation*

11:15 - 11:50 am
CONTRACT DIMENSIONS OF BANDWIDTH *TRADING*
Mark Perlis, Attorney, *Dickstein Shapiro Morin & Oshinsky LLP*

11:50 - 12:25 pm
BANDWIDTH: HAVE WE SEEN THIS BEFORE?

12:25 - 1:00 pm
OLD UTILITIES MEET THE NEW ECONOMY
Donato Eassey, First Vice President, *Merrill Lynch*

1:00 - 2:15 pm
LUNCHEON KEYNOTE ADDRESS: ENRON AND BANDWIDTH TRADING: WHY IT MAKES SENSE AND HOW A BROADBAND SPOT MARKET WILL LOOK
Kevin P. Hannon, Chief Operating Officer, *Enron Broadband Services, Inc.*

2:15 - 3:45 pm
PANEL DISCUSSION: OUTLOOK FOR THE MARKET: WHAT OTHER COMPANIES ARE PLANNING AND DOING
Nick Cioll, Vice President, Trading Operations, *RateXchange*
Peter Falvey, Director of Finance and Business Development, *Band-X, Ltd.*
Michael J. Smith, Executive Vice President, Business Development, *Prebon Yamane (USA) Inc.*
Alex Mashinsky, Founder, *ArbiNet Holdings, Inc.*
Ron Banaszek, Mgr., SDI Bandwidth, *SDI Energy Group*
Michael E. Moore, President, *Amerex Bandwidth, Ltd.*
A representative from *AIG Telecommunications LLC*

3:45 - 4:00 pm
REFRESHMENTS AND BREAK

4:00 - 4:35 pm
THE CUSTOMER VIEW OF BANDWIDTH TRADING
Peter Thomas, V.P., Communs., *American Electric Power*

4:35 - 5:10 pm
A CARRIER'S VIEWPOINT OF BANDWIDTH *TRADING*
A representative from the telecommunications industry

5:15 pm
NETWORKING RECEPTION *SPONSORED BY*
sagemaker

Day Two - June 6, 2000

8:00 - 8:30 am
CONTINENTAL BREAKFAST

8:30 - 9:40 am
THE REGULATORY THREATS TO THE BROADBAND MARKET AND BANDWIDTH TRADING
Michael Mandigo, Vice President, *Fleishman Hillard, Inc.*
Jamie Wimberly, Vice President, *Consumer Energy Council*

9:40 - 10:15 am
MORNING KEYNOTE ADDRESS: DUKE ENERGY'S VIEW OF EMERGING BANDWIDTH MARKETS
Bradley C. Karp, President, *Duke Energy Merchants*

10:15 - 10:50 am
THE SIMILARITIES AND DIFFERENCES BETWEEN BANDWIDTH TRADING AND ENERGY TRADING
Sharon Crow, Vice President, Bandwidth Markets, *Williams Communications*

10:50 - 11:05 am
REFRESHMENTS AND BREAK

11:05 - 12:15 pm
BANDWIDTH TRADING AS A HEDGING TOOL?
Peter K. Nance, Senior Principal, *Teknecon Energy Risk Advisors, LLC*
A representative from *NYMEX*

12:15 - 12:50 pm
KEYNOTE ADDRESS: DYNEGY'S VISION FOR THE BROADBAND MARKET
Chuck Watson, President & CEO, *Dynegy, Inc.**

12:50 pm
ADJOURNMENT

* invited

Registration Form

Venue:
The conference will be held at The Adam's Mark Hotel, 2929 Briarpark Drive, Houston, TX 77042. Tel: 713-978-7400 or 800-444-ADAM. Fax: 713-735-2726. Discounted rooms are available until May 31, 2000 for *The Energy Daily/King Communications' Broadband Conference participants.*

Registration Fees:

	First Attendee	Additional
Regular Rate	☐ *$1,095*	☐ *$995*
The Energy Daily Subscriber Rate (Individual or Electronic)	☐ $945	☐ $895
Gov't/Non-profit Rate	☐ $695	

The registration fee includes comprehensive course documentation, two continental breakfasts, refreshment breaks, a luncheon and a networking reception. Space is limited. The government rate is only available for local, state, or federal direct government employees and if appropriate *approved training form or payment by government check or government credit card is received* prior to the conference date. Non-profit organizations must provide proof of non-profit status.

☐ *Check for $__________ enclosed.*
(Make check payable to *King Communications Group, Inc.- I-14*)
☐ Bill me (Payment must be received prior to the conference).
☐ P.O.#____________________
☐ Charge my ☐ VISA ☐ MC ☐ AmEx
Exp.____________________
Acct #____________________
Signature____________________

Name____________________
Title____________________
Organization____________________
Address____________________
City/State/Zip____________________
Phone__________ Fax__________
E-mail____________________
First name preferred for badge____________________

TO REGISTER:
Mail your registration form to
King Communications Group - I-14
627 National Press Building
Washington, DC 20045

Or you may call (202) 662-9710 • (800) 926-5464
or fax this form to (202) 662-9719.

Deloitte, National Power Team On Consulting Venture

Deloitte Consulting and Npower, the integrated United Kingdom energy business of National Power Plc, last week announced an alliance aimed at providing consulting services to power generators operating in deregulating markets.

The companies said they would provide soup-to-nuts solutions—from strategy to software—to help generators secure a strategic advantage in competitive power markets.

The joint venture builds on Npower's 10 years of experience operating in competitive electricity markets in the UK, which the company says has enabled it to build and refine software solutions that improve power plant and energy trading commercial performance.

Deloitte Consulting will provide the strategy, process, change management and system integration expertise.

PowerGen-LG&E Deal Clears First Hurdle

PowerGen Plc's merger with LG&E Energy—the third major U.S. utility to be acquired by a foreign energy company—cleared its first regulatory hurdle last week with the approval of the Kentucky Public Service Commission.

"We're very pleased that the commission has recognized that this merger is consistent with the public interest—providing benefits for customers, the Commonwealth of Kentucky and shareholders," said Roger Hale, LG&E Energy's chairman and CEO. "We believe the Kentucky Commission's timely decision helps us stay on track for closing this merger in approximately seven to nine months."

The Kentucky vote bodes well for PowerGen avoiding some of the merger approval problems that have dogged other foreign energy companies buying U.S. utilities, most notably, ScottishPower's purchase of PacifiCorp, which encountered some delays from state regulators worried about foreign control.

The PowerGen-LG&E deal still must be approved by the Virginia State Corporation Commission, where LG&E Energy serves several counties under the name Old Dominion Power. The Virginia regulators are expected to rule on the merger July 28.

Approval also is needed from the Federal Energy Regulatory Commission, the U.S. Securities and Exchange Commission and the Federal Trade Commission.

The merger will create a global power company with assets of nearly $12 billion and total revenues of $8.7 billion, serving four million customers worldwide.

LG&E Energy Corp., headquartered in Louisville, Ky., owns and operates Louisville Gas and Electric Company, serving Louisville and 16 surrounding counties, and Kentucky Utilities Company, serving 77 Kentucky counties and five counties in Virginia.

PowerGen is one of the UK's leading integrated gas and electric companies, generating about 14 percent of the electricity needs of England and Wales.

Duke Creates Chief Risk Officer Post

Duke Energy, citing the growing importance of risk management in deregulating energy markets, said last week it was creating the new position of chief risk officer, to be filled by its chief financial officer, Richard Osborne.

"With about half of our revenues now derived from commodity positions, we are seeing how integral effective risk management is to our company's success," said Duke Energy Chairman, President and Chief Executive Officer Richard Priory in announcing the new post. "Over the past several years, we have worked hard to build our risk management acumen, discipline and skills, and we have successfully elevated corporate risk management to a source of competitive advantage."

Osborne has been executive vice president and chief financial officer of Duke Energy since June 1997 and Priory said he has played a key role in developing Duke Energy's risk management program and practices over the last three years.

In addition to handling corporate risk management, Osborne will oversee strategic planning and development, and Duke Energy's diversified Duke Ventures businesses will also report to him. Those businesses include Duke Capital Partners, a newly formed finance company; Crescent Resources, a real estate and land development subsidiary; and DukeNet Communications, the company's telecommunications arm.

Osborne joined Duke Power Company in 1975 as a financial analyst. He was named vice president and chief financial officer of Duke Power in 1991.

Osborne will serve as both CFO and CRO pending selection of a new CFO.

Model For Europe?

Auction Proposed For French-Spanish Interconnection

The French power transmission grid operator, the GRT, said last week it and its Spanish counterpart, Red Electrica, have proposed auctioning off transmission capacity between the two countries to end congestion problems.

If the French and Spanish power regulators approve the proposal—which was put to a meeting in Florence of European Union power regulators—the system could be in place by the end of the year and introduced throughout the 15-nation bloc at a later date, a spokesman for the GRT said.

"The current system between France and Spain is one of first-come, first-served. This mechanism is not adapted to the workings of the market because capacity isn't used efficiently," a GRT spokesman said.

"We propose scrapping the current system...The 500-700 megawatts of capacity which belong to EdF (Electricite de France) and Red Electrica will be auctioned off... if the French and Spanish regulators approve the idea. It could be up and running by the end of the year.

"The idea is that there will be the same system everywhere in Europe," he added.

Jean Syrota, head of France's electricity regulatory authority, the CRE, told Reuters the proposal was "a legitimate system which we will study constructively to see if there are any economic or legal problems."

The GRT spokesman said the grid operator, an independent arm of French power giant EdF, was also considering a similar capacity auction agreement with Italy.

But this would be more complicated to organize since a percentage of EdF's power supplies to Italy are transmitted through Switzerland and Germany. A deal would therefore have to involve all four nations, he said.

EdF does not currently have congestion problems on its other cross-border transmission lines but an auction system could be introduced there if problems arose in the future, he said.

An auction of transmission capacity on the 2,000 megawatt Franco-British interconnector is not an issue at present because there is no spare capacity; the line is simply saturated, the spokesman said.

—REUTERS

Court Dumps Spent Fuel Suit Against DOE

A three-judge panel last week dismissed Wisconsin Electric Power Co.'s suit against the Energy Department over DOE's failure to remove spent nuclear fuel, saying the court did not have jurisdiction over the matter.

The U.S. Court of Appeals for the District of Columbia Circuit said Friday that the case, filed last August, should be heard in the Court of Federal Claims, since it centers on the type of relief that the department offers to the utility.

DOE has been the target of numerous lawsuits by nuclear utilities who signed standard contracts that called on the department to remove spent fuel from their commercial reactors by Jan. 31, 1998.

The department does not expect to open a permanent spent fuel disposal site until 2010 at the earliest and the utilities and DOE have not been able to agree on interim storage measures.

Wisconsin Electric (WE) had asked the court to declare that DOE should provide more than just monetary damages to the utility for breaching the terms of its contract. Among other things, WE proposed that the department take title—financial and operating responsibility—to the spent fuel at the company's Point Beach nuclear power plant.

DOE, however, said the standard contract it had signed with the utility did not include such non-monetary relief.

The judges ruled they could not force the department to consider certain contract remedies because the Court of Appeals has not ruled on the type of relief DOE would have to provide for breaching its obligation.

"The Court of Federal Claims, not this court, is the proper forum for adjudicating contract disputes," the opinion, released by Judges Stephen Williams, Douglas Ginsburg and David Sentelle, said. "Indeed Wisconsin Electric's petition raises issues that are currently being litigated before the Court of Federal Claims...."

The Court of Federal Claims is hearing a case brought by Yankee Atomic.

A spokesman for WE said the company was still reviewing the court's decision, and had yet to determine whether it would appeal the ruling. The company has no other litigation pending on the issue.

Point Beach, WE's nuclear power plant, is currently storing about 600 metric tons of spent fuel onsite.

—TINA DAVIS

House Boosts DOE Defense, Cleanup Funding...

(Continued from page one)

suffering from beryllium and radiation-related diseases stemming from occupational exposure in the nuclear weapons complex.

Among other problems, the compensation effort raises issues that fall within the jurisdiction of four different House committees.

But while not getting legislative action, those backing the compensation effort did get important support from leaders on the four committees—including key members of the House Armed Services Committee who previously had appeared lukewarm about the initiative.

Most notably, Rep. Duncan Hunter (R-Calif.), chairman of the armed services subcommittee that oversees DOE's budget, spoke out clearly in favor of compensation in floor remarks Thursday.

"I think we realize three things on the committee," Hunter said. "One is that we do have a duty to take care of our Cold War veterans, including people who experienced exposure in trying to develop the strategic systems of this country that even today keep this country safe.

"Number two, science has shown that there has been a lot of exposure, fairly major exposure, to a lot of our workers.

"Number three, the fact that we do have a responsibility to take actions and to abandon this position that we have taken, which has been a presumption against the worker in the past."

Hunter's remarks echo assertions by Energy Secretary Bill Richardson that DOE unfairly litigated against worker compensation claims in the past.

Hunter and leaders of the other three House committees involved promised quick action to set up hearings so that a compensation package could be fashioned.

It was unclear how fast the hearings might be held, but sources said it was possible that compensation legislation might be developed in time for consideration by a House-Senate conference committee on the defense authorization bill, which is still weeks away.

Proponents of the compensation effort also are considering trying to attach legislation to the Senate's defense authorization bill when it comes up on the floor.

The House defense authorization bill also provides \$2 million to DOE to begin work on structuring a compensation program.

Other key DOE provisions in the House authorization bill:

- Give the Savannah River Site an additional \$40 million to accelerate the stabilization of volatile nuclear residues.
- Provide an extra \$8 million—nearly a 50 percent increase over the DOE request—for design of the mixed oxide fuel fabrication facility, a key plutonium disposal initiative. The armed services committee said the additional money was needed due to "unforeseen changes" to the design of the facility, including security enhancements.
- Cut \$20 million off DOE's \$796 million funding request for the Accelerated Strategic Computing Initiative, a key stockpile stewardship program. The committee said DOE could not justify the larger increase.
- Provide a \$15 million increase for design of a plutonium pit manufacturing facility. The committee also "strongly urges" DOE to submit a reprogramming to restore fiscal 1999 pit manufacturing funds that were diverted to other uses.
- Boost funding for tritium production by \$25 million to assure continued design work on accelerator-based production methods.

5/22 w/ Fialka

Questions and Answers

Why is the USGCRP conducting the National Assessment of the potential consequences of climate change? What is the value of this Assessment?

The Global Change Research Act of 1990 (the USGCRP authorizing legislation), instructs the program to conduct periodic assessments of the effects of global change for the U.S. One of the things we have learned over the first decade of the USGCRP is that the climate is changing and that climate variability and change pose challenges and, problems, opportunities for our nation. The National Assessment process is examining what we know, and what we don't know, about the potential consequences of climate change for the U.S. This effort will thus provide information for near-term decision-making, and also help us define the research that is needed to support effective adaptation in the future. so we know what the big questions are?

Why is the review process so rigorous? process?, exhaustive

Multi-stage review is very important for such a complex document (one that relies on hundreds of sources in the peer-reviewed literature and on new work that has recently been completed). A thorough and comprehensive review is a very important aspect of ensuring the accuracy of the findings.

This is why we designed a three-stage peer-review process (technical – about 400 reviewers, expert – about 25, and about 12 technical agencies). When Congress requested a 60-day public comment period, we agreed and added this as another review stage. The report will posted on the Web starting in early June. This will be followed by a final full NSTC review before it is ~~submitted to the President~~ and the Congress.

The process of writing and reviewing the National Assessment Synthesis Report is being overseen by an independent review board under the President's Committee of Advisors on Science and Technology. Expect to be able to back up statements w/ the science – absolutely essential.

What is included in the National Assessment?

The Assessment consists of the National Assessment Synthesis Report, which is being written by a FACA committee (the National Assessment Synthesis Team) chartered by NSF. The Synthesis Report includes an Overview and a longer technical document (The Foundation Report). The committee includes industry, academic, government, and NGO experts.

- **Supporting Activities in Regions and Sectors:** The USGCRP conducted a series of 20 workshops around the country, and is funding more detailed analyses the 9 regions and 5 sectors identified above, each of which will produce a report. The regional reports are being prepared by academic institutions with USGCRP funding. The sectoral reports are being prepared by teams that are co-chaired by agency and academic experts.

globally: difficult

USA: even more difficult; that's how you start to understand how climate affects people are positive things said about particular region or sector — balanced, informative. Maybe sectors is that a little better - but you can't isolate yourself

- Each regional and sectoral team has independent authority over the content of and the review processes for its report. Any material used from these reports in the National Assessment Synthesis Report will be subject to the full 3-stage review process (technical, government, and 60-day public review) in addition to the review it receives at the regional level.

What is the relationship between this National Assessment and activities related to implementing the Kyoto Protocol?

There is no relationship between the National Assessment and the Kyoto Protocol. The National Assessment is charged to look at *potential impacts* of climate change on various regions of the US, the possible vulnerability of US agriculture, coastal zones, forests, human health, and water resources and at strategies to cope with change over 25 and 100-year timeframes. The Kyoto Protocol is primarily concerned with *mitigation* of climate change through emissions reductions in the next decade.

What are we learning from the National Assessment?

1) **Water appears to be the linchpin of climate change**--too much in the form of floods, too little in times of drought, changes in the timing and availability of it (earlier snowmelt). This leads to a rich and important research agenda: how can manage water in a changing climate given that all of our planning assumed the last 100 years of experience would work for the future? E.g., Seattle expects the city to grow by 50% between now and 2010, yet their analyses for the National Assessment suggest the water will be insufficient to supply the city, hydro needs, and water for baby salmon.

2) **It is not the slowly changing average temperature that is of most concern for societies.** It is the 'tails of the distribution" or extreme events, that cause the most 'pain'. We need to focus more effort on coping with extreme events today and learning how we can build in some resiliency to an increase in those events as climate changes--particularly floods and droughts. - expectation from normal changes - extremes . .

3) **Many important potential "showstoppers" have not yet been modeled**. E.g., agriculture is a sector that should be highly adaptable, but no one has yet evaluated how pests will change as climate changes. In a warmer, wetter, world, pests could persist year-round, there could be an increase in molds, rusts, etc. So, we need to conduct studies to be sure agriculture can adapt by continuing to implement current technological fixes.

4) **Regional modeling must improve**. While annual temperature increase can be estimated regionally, changes in rainfall over a small region for a given season are not yet possible with confidence. This information will be vital to understanding impacts on natural resources.

Costs?: Not Addressed. But Access of how g ce might report q region/sector — future research agenda . . . hope regions will take seriously

Talking Points on the National Assessment of Climate Change (DRAFT)

- **The Charge:** The U.S. Global Change Research Program (USGCRP) is conducting the National Assessment in response to a Congressional mandate to conduct periodic assessments of the effects of global change on the US (included in the Global Change Research Act of 1990, which is the authorizing legislation of the USGCRP, **see Attachment 1**). The National Assessment is being conducted under the purview of the National Science and Technology Council (NSTC).

- **The National Assessment Synthesis Report:** The National Assessment Synthesis Report will examine the potential consequences of climate change for the US as a whole, and for selected regions (NE, SE, Midwest, Great Plains, West, Pacific NW, Alaska, Native Homelands, Islands) and sectors (Agriculture, Human Health, Forests, Coastal Zones, Water Resources). The report will consist of an overview and a detailed technical document. It will undergo technical, government, and public review prior to submission to the President and Congress in mid-2000.

- **The National Assessment Synthesis Team:** The USGCRP has established the National Assessment Synthesis Team (a FACA committee including government, academic and private sector experts) to produce the National Assessment Synthesis Report. The National Assessment Synthesis Team is drawing on existing regional and sectoral information and conducting new analyses.

- **Review:** The National Assessment has been subjected to a very thorough review process. The process of writing and reviewing the National Assessment Synthesis Report is being overseen by an independent review board under the President's Committee of Advisors on Science and Technology. The report has been through 2 stages of technical review, and one round of agency review. It will soon begin a 60-day public comment period on the Web as requested by Congress. After the pubic comment, the final step will be a full agency review before submission and publication.

- **Supporting Activities in Regions and Sectors:** The USGCRP conducted a series of 20 workshops around the country, and is funding more detailed analyses the 9 regions and 5 sectors identified above, each of which will produce a report. The regional reports are being prepared by academic institutions with USGCRP funding. The sectoral reports are being prepared by teams that are co-chaired by agency and academic experts.

- Each regional and sectoral team has independent authority over the content of and the review processes for its report. Any material used from these reports in the National Assessment Synthesis Report will be subject to the full 3-stage review process (technical, government, and 60-day public review) in addition to the review it receives at the regional level.

- **Broader Use:** In addition to the National Assessment Synthesis Report and regional and sectoral reports, articles and special issues in peer-reviewed scientific journals are also being produced as part of the assessment process. Research conducted as part of the U.S. National Assessment is expected to be an important contribution to the scientific literature on regional impacts of climate change. As such, is likely to be considered during the preparation of the Third Assessment Report of the Intergovernmental Panel on Climate Change (IPCC).

- **Summary:** Climate variability and change now and in the future pose both challenges and opportunities for our nation. To be better prepared, the U.S. has developed a national assessment process to identify and analyze the potential consequences of climate variability and change, both for the nation as a whole, and for key regions and economic and environmental sectors.

He shouldn't stay on

too long

WWF

PRESS RELEASE

For More Information or Comment Contact:
Kara Saul Rinaldi: (t) 202/822-3477, (c) 202/257-9959
Jennifer Morgan: (t) 202/778-9514, (c) 703/623-2527

WWF Welcomes China-U.S. Statement on Environment

Washington, D.C., May 19, 2000 -- World Wildlife Fund welcomes a joint statement issued today by the governments of China and the United States on their bilateral environmental cooperation efforts. The statement is a meaningful and positive step forward.

In particular in the statement China articulates new commitments and positions with regard to climate change and for the first time states it will voluntarily act to reduce its greenhouse gas emissions through a number of actions.

"China has shown a significant level of good will both for the short-term Kyoto negotiations, and the long-term haul of curbing global warming," said Jennifer Morgan, director of WWF's Climate Change Campaign. "China's new statement on global warming flies in the face of those in Congress who say key developing countries will never act. With one tenth of the per capita emissions of the United States, China's pledge to move toward less carbon-intensive fuels shows an increased level of their participation in the climate debate that we have never seen before."

Specific elements of the commitment made by China today include pledges to:

- expand significantly the use of natural gas in China's energy supply;
- increase significantly the generation of power from renewable energy sources;
- implement further economic reforms to bring about additional environmental benefits (such as the past removal of certain fossil fuel subsidies);
- express willingness to entertain new and creative thinking and approaches to cooperation between developed and developing countries on climate change; and
- agree to work together (with the U.S.) and other countries toward early agreement on the elements of the Kyoto mechanisms, including the Clean Development Mechanism

WWF also noted language in the joint China-U.S. statement that addresses the environmental dimensions of China's integration into the multilateral trading system, and in particular language referring to China's forest policies and pledging that the two countries will "work together to assure that any increased trade flows will not undercut natural resource management and species protection programs." China, which has enacted a logging ban covering some of its largest forests, is emerging as a major importer of wood products—with potentially significant impacts on forest resources in other countries.

-more-

"The question is not whether China should be integrated into the global economy, the question is how," said David Schorr, Director of WWF's Sustainable Commerce Program. "The China-U.S. statement implicitly recognizes that liberalizing trade must go hand in hand with measures to ensure the appropriate protection and management of forests, species, and other natural resources, both within China and around the world. U.S.-China cooperation on critical environmental issues is essential. Today's statement contributes to that goal."

WWF cautioned, however, that fulfillment of the promises contained in the China-U.S. Statement will require continuing attention and political commitment. WWF looks forward to working with both governments to pursue concrete actions to combat global warming and preserve the Earth's biodiversity.

##

World Wildlife Fund leads international efforts to protect the diversity of life on Earth. For more information about WWF's Climate Change Campaign, visit www.worldwildlife.org/climate.

DRAFT

Vice President Al Gore announced today that the United States and China have signed a joint statement pledging stronger cooperation on a range of efforts to protect the environment and promote sustainable development, including international efforts to combat global climate change.

The joint statement -- signed in Beijing by U.S. Ambassador Joseph Prueher and Madame Zhu Lilan, China's Minister of Science and Technology – is the latest result of the U.S.-China Forum on Environment and Development co-chaired by Vice President Gore and Chinese Premier Zhu Rongji. [Negotiations on the statement were completed following a letter from the Vice President to the Premier urging his support.]

"This statement represents an important step forward in our continuing efforts with China to achieve cleaner, more sustainable growth," said the Vice President. "I am particularly pleased that the Chinese government is declaring a new willingness to work with us in the international effort to address climate change. Only through cooperation and engagement can we hope to meet our pressing global environmental challenges."

In the joint statement, the United States and China "recognize that countries can achieve sustained economic growth while protecting the environment and taking actions to combat climate change." The two countries also express their willingness "to entertain new and creative thinking and approaches to cooperation between developed and developing countries on climate change."

The U.S.-China statement comes two months after a joint statement by the United States and India that also pledged stronger cooperation to address climate change and other environmental concerns.

On trade issues, today's statement notes that China's entry into the World Trade Organization could advance its clean energy and environmental protection efforts by accelerating the greater use of environmentally-sound technologies in China. It affirms the two countries' intent "to work together to assure than any increased trade flows will not undercut natural resource management and species protection programs."

The U.S.-China Forum on Environment and Development was established in 1997 to expand bilateral cooperation and dialogue on sustainable development and environmental protection. In April 1999, Gore and Zhu Rongji co-chaired the Forum's second session in Washington, DC. Its third session, a minister-level meeting, was held in Honolulu in January 2000. Plans are underway for a fourth session in China.

The Forum includes four working groups: Energy Policy, Environmental Policy, Science for Sustainable Development, and Commercial Cooperation. Each working group has an ongoing agenda and is charged with carrying out practical joint work.

JOINT STATEMENT ON COOPERATION
ON ENVIRONMENT & DEVELOPMENT
BETWEEN THE UNITED STATES AND CHINA

1. The United States and China agree that meeting development needs in a sustainable manner is one of the most important challenges of the 21st century. They underscore the central role energy plays in economic development, as well as the human health and environmental risks associated with unsustainable use of energy and natural resources. They note that the development and deployment of cleaner and more efficient energy technologies will contribute significantly to improving local air quality and protecting the global environment. The United States and China recognize that countries can achieve sustained economic growth while protecting the environment and taking actions to combat climate change.

2. The United States and China 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 the US-China Forum on Environment and Development and commit to further their cooperation in the fields of clean energy, environmental protection, science and technology and commercial cooperation. The two nations will also continue to cooperate on efforts to strengthen the Chinese environmental regulatory regime to encourage pollution control and abatement.

3. The United States and China recognize the potential of Chinese accession to the WTO to broaden and accelerate the transfer of environmentally-sound technologies, goods and services, thereby advancing clean energy and environmental protection goals.

4. The two countries are taking many initiatives on their own to mitigate the impact of energy production and use on the environment. China plans to expand significantly the use of natural gas in China's energy supply and increase the

utilization of coalbed methane and clean coal technologies. China also plans to increase significantly the generation of power from renewable energy sources. China's recent structural reforms and removal of certain fossil fuel subsidies have already resulted in economic and environmental benefits; further economic reforms should result in additional environmental benefits.

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; issuance by the President of a directive that sets a target to triple the use of bio-energy in the U.S.; issuance by the President of a directive to reduce petroleum use in the federal vehicle fleet; and establishment by the Department of Energy of new goals to increase the share of U.S. electricity generated by wind power.

6. The United States and China reaffirm their strong support for international efforts to combat global climate change under the UN Framework Convention on Climate Change and its Kyoto Protocol, in accordance with the principle of common but differentiated responsibilities. The two countries express the willingness to entertain new and creative thinking and approaches to cooperation between developed and developing countries on climate change. The two countries intend to work together and with other countries toward early agreement on the elements of the Kyoto mechanisms, including the Clean Development Mechanism, which could offer opportunity for mutually beneficial cooperation between developed and developing countries. They recognize, in particular, that the Clean Development Mechanism could provide important opportunities for economic growth and environmental protection.

7. China and the United States reaffirm their commitment to sustainable

management and protection of natural resources and endangered species. China is taking aggressive steps to combat deforestation, including banning of logging in southwest China and an ambitious tree-planting and reforestation program in the Yangtze basin, in the Beijing metropolitan area, and elsewhere. The two countries have a long history of cooperation in this area, and affirm their intention to work together to assure that any increased trade flows will not undercut natural resource management and species protection programs.

8. The United States and China believe that energy and environment constitutes 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, China-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.

Draft press guidance on U.S./China joint statement on Environment and Development

Background: Today (5/19) in Beijing, the U.S. Ambassador to China and China's Minister of Science and Technology signed a joint U.S.-China statement on environmental cooperation. The statement is a result of the U.S.-China Forum on Environment and Development, co-chaired by Vice President Al Gore and Chinese Premier Zhu Rongji. The Vice President and China's Premier established the Forum in 1997 to expand bilateral cooperation and dialogue on sustainable development and environmental protection. In April 1999, Gore and Zhu Rongji co-chaired the Forum's second session in Washington, DC. Its third session, a minister-level meeting, held in Honolulu in January 2000. Plans are underway for a fourth session in China next year.

In the joint statement, China and the U.S. commit to further their ongoing cooperation to address global environmental challenges. The statement marks significant step in China's evolution toward greater cooperation with the U.S. in combating climate change, and commits both countries to cooperation on the further development of the Kyoto Protocol. Specifically, China has long opposed international dialogue regarding the role of developing countries in taking action to address climate change. The statement reflects a new openness to engagement. Furthermore, the statement expresses the view that sustained economic growth can be achieved while still taking action to address climate change. The two countries also commit to assure that increased trade does not harm natural resources and endangered species, while still recognizing the potential of Chinese accession to the WTO to advance clean energy and environmental protection goals.

Why is the US-Chinese joint statement significant?

This is the most positive statement on climate change that China has made. It highlights domestic actions taken by China, indicates support for further development of the Kyoto Protocol and its innovative provisions, such as the Clean Development Mechanism, as well as a willingness to consider new ideas and approaches to developing country actions to address climate change. Coming on the heels of a call for such a new dialogue from the U.S. and India during the President's March trip to South Asia, this new openness is quite significant.

[If asked] Is the joint statement timed to correspond to the PNTR vote?

No. We have had a vigorous dialogue with China on environment, energy and climate change for many years through the Vice President's forum as well as through a high level dialogue on climate change and other channels. We have been working with the Chinese on this statement for more than a month.

[If asked] Isn't this a desperate attempt to generate support from environmentalists in advance of the PNTR vote?

No. We have consistently said that engagement with China on global environment issues is a critical part of our foreign policy. The statement reflects the importance we place on these issues.

We believe that PNTR will enhance our dialogue with China on the environment.

[If asked] Did you pressure the Chinese into agreeing to this statement?

We have had a long and productive dialogue with the Chinese on the environment. The statement reflects our mutual interest in deepening our cooperation on these issues.

[If asked] How does it compare to the joint statement with India? Isn't the China statement weaker?

The India and China statements are similar in many ways. Both governments joined us in acknowledging that climate change is a real problem, that action to address climate change is consistent with sustained economic growth, that new international cooperation is needed, and that both countries are moving to address the imperative of clean energy development.

[If pressed: Why does the India statement have quantifiable targets for clean energy and not the China statement?]

The Chinese are in the middle of their economic planning process and, therefore, do not have the date necessary to make the kind of statements made by India. The Chinese are expected to complete the five-year plan for 2001-2005 sometime around the end of this year and submit it to the National People's Congress in March 2001.

[If pressed: Is the India statement weaker on the call for new dialogue on the role of developing countries in addressing climate change?]

The two statements are complementary. India joined us in highlighting the urgent need for a dialogue about how developed and developing countries can work together to fight climate change. We joined China in expressing a willingness to consider new and creative approaches and ideas to strengthening this cooperation between developed and developing countries. These statements support each other. We believe that a new dialogue is necessary and are willing to consider new approaches and ideas in that context.

FACT SHEET ON THE KYOTO PROTOCOL

At a conference held December 1–11, 1997, in Kyoto, Japan, the Parties to the UN Framework Convention on Climate Change agreed to an historic Protocol to reduce greenhouse gas emissions by harnessing the forces of the global marketplace to protect the environment.

Key aspects of the Kyoto Protocol include emissions targets, timetables for industrialized nations, and market-based measures for meeting those targets. The Protocol makes a down payment on the meaningful participation of developing countries, but more needs to be done in this area. Securing meaningful developing country participation remains a core U.S. goal.

Emissions Targets

A central feature of the Kyoto Protocol is a set of binding emissions targets for developed nations. The specific limits vary from country to country, though those for the key industrial powers of the European Union, Japan, and the United States are similar—8 percent below 1990 emissions levels for the European Union, 7 percent for the United States, and 6 percent for Japan.

The framework for these emissions targets includes the following provisions:

- Emissions targets are to be reached over a five-year budget period rather than by a single year. Allowing emissions to be averaged across a budget period increases flexibility by helping to smooth out short-term fluctuations in economic performance or weather, either of which could spike emissions in a particular year.
- The first budget period will be 2008–2012. The parties rejected budget periods beginning as early as 2003, as neither realistic nor achievable. Having a full decade before the start of the binding period will allow more time for companies to make the transition to greater energy efficiency and/or lower carbon technologies.
- The emissions targets include all six major greenhouse gases: carbon dioxide, methane, nitrous oxide, and three synthetic substitutes for ozone-depleting CFCs that are highly potent and long-lasting in the atmosphere.
- Activities that absorb carbon, such as planting trees, will be used as offsets against emissions targets. "Sinks" were also included in the interest of encouraging activities like afforestation and reforestation.

Accounting for the role of forests is critical to a comprehensive and environmentally responsible approach to climate change. It also provides the private sector with low-cost opportunities to reduce emissions.

International Emissions Trading

The Kyoto Protocol allows nations with emissions targets to trade greenhouse gas allowances. Using this mechanism, countries can achieve reductions at the lowest cost. Emissions trading was developed in the United States to reduce sulfur dioxide that causes acid rain and has been successful beyond expectations.

Under an emissions trading regime, countries or companies can purchase less expensive emissions permits from countries that have more permits than they need (because they have met their targets with room to spare). Structured effectively, emissions trading can provide a powerful economic incentive to cut emissions while also allowing important flexibility for taking cost-effective actions.

The Kyoto Protocol established emissions trading. Rules and guidelines—in particular for verification, reporting, and accountability—will be developed.

The inclusion of emissions trading in the Kyoto Protocol reflects an important decision to address climate change through the flexibility of market mechanisms. The Conference rejected proposals to require all Parties with targets to impose specific mandatory measures, such as energy taxes. A number of countries, including Australia, Canada, Japan, New Zealand, Russia, Ukraine, and the United States, reached a conceptual agreement to pursue, through an umbrella group, the implementation of a trading regime. Such a group could further contribute to cost-effective solutions to this problem.

Joint Implementation Among Developed Countries

Countries with emissions targets may obtain credit toward their targets through project-based emission reductions in other such countries. The private sector may participate in these activities.

Additional details may be agreed upon by the Parties at future meetings.

Clean Development Mechanism

Another important market-based component of the Kyoto Protocol is the so-called Clean Development Mechanism (CDM). The CDM embraces the concept of joint implementation for credit in developing countries. With the Clean Development Mechanism, developed countries will be able to use certified emissions reductions from project activities in developing countries to contribute to their compliance with greenhouse gas reduction targets.

This Clean Development Mechanism will allow companies in the developed world to enter into cooperative projects to reduce emissions in the developing world—such as the construction of high-tech, environmentally sound power plants—for the benefit of both parties. The companies will be able to reduce emissions at lower costs than they could at home, while developing countries will be able to receive the kind of technology that can allow them to grow more sustainably. The CDM will certify and score projects. The CDM can also allow developing countries to bring projects forward in circumstances where there is no immediate developed country partner.

Under the Clean Development Mechanism, companies can choose to make investments in projects or to buy emissions reductions. In addition, Parties will ensure that a small portion of proceeds are used to help particularly vulnerable developing countries, such as island states, adapt to the environmental consequences of climate change.

Importantly, certified emissions reductions achieved starting in the year 2000 can count toward compliance with the first budget period. This means that private companies in the developed world will be able to benefit from taking early action.

Developing Countries

Various Protocol provisions, taken together, represent a down payment on developing country participation in efforts to reduce greenhouse gas emissions.

Developing countries will be engaged through the Clean Development Mechanism noted above.

The Protocol advances the implementation by all Parties of their commitments under the 1992 Framework Convention on Climate Change. For example, the Protocol identifies various sectors (including the energy, transport, and industry sectors as well as agriculture, forestry, and waste management) in which national programs should be developed to combat climate change. The Protocol also provides for more specific reporting on actions taken.

Securing meaningful participation from key developing countries remains a priority for the United States. The Administration has stated that without such participation, it will not submit the Kyoto Protocol to the Senate for advice and consent to ratification.

Compliance and Enforcement

The Protocol contains several provisions intended to promote compliance. These include requirements related to measurement of greenhouse gases, reporting, and review of implementation.

The Protocol also contains certain consequences for failure to meet obligations. For example, a Party that is not in compliance with its measurement and reporting requirements cannot receive credit for joint implementation projects.

Effective procedures and a mechanism to determine and address noncompliance are to be decided at a later meeting. For both environmental and competitiveness reasons, the United States will be working on proposals to strengthen the compliance and enforcement regime under the Protocol.

Entry Into Force

The Kyoto Protocol opened for signature in March 1998. To enter into force, it must be ratified by at least 55 countries, accounting for at least 55 percent of the total 1990 carbon dioxide emissions of developed countries. U.S. ratification will require the advice and consent of the Senate.

Buenos Aires Action Plan

At the Fourth Session of the Conference of the Parties (CoP-4) held November 2–13, 1998, in Buenos Aires, Argentina, the Parties to the UN Framework Convention on Climate Change agreed to a two-year action plan for advancing the ambitious agenda outlined in the historic Kyoto Protocol.

CoP-4 also saw a significant breakthrough on the issue of developing country participation in international efforts to address climate change. Argentina became the first developing country to announce its intention to take on a binding emissions target for the 2008–2012 time period. Kazakhstan announced that it intended to do so as well.

During the Buenos Aires conference, on November 12, 1998, the United States signed the Kyoto Protocol at the United Nations in New York. Signing reaffirms the United States' commitment to work with other nations to meet the Protocol's ambitious environmental goals and ensures a continued strong U.S. role in settling issues left unresolved at Kyoto. Signing does *not* impose an obligation on the United States to implement the Kyoto Protocol. (The Protocol cannot become binding on the United States without the approval of the United States Senate.) The President will not submit the Protocol to the U.S. Senate for approval without the meaningful participation of key developing countries in efforts to address climate change.