

*This should have been put in my chair or something of a schedule like 10/12's.*

OCT 12 REC'D Document No. 039654

WHITE HOUSE STAFFING MEMORANDUM

DATE: 10-9 ACTION/CONCURRENCE/COMMENT DUE BY: 10-12 CDB

SUBJECT: CLIMATE CHANGE ACTION PLAN

	ACTION	FYI		ACTION	FYI
VICE PRESIDENT	<input checked="" type="checkbox"/>	<input type="checkbox"/>	PASTER	<input checked="" type="checkbox"/>	<input type="checkbox"/>
McLARTY	<input checked="" type="checkbox"/>	<input type="checkbox"/>	RASCO 	<input checked="" type="checkbox"/>	<input type="checkbox"/>
NEEL	<input checked="" type="checkbox"/>	<input type="checkbox"/>	RUBIN	<input checked="" type="checkbox"/>	<input type="checkbox"/>
PANETTA	<input checked="" type="checkbox"/>	<input type="checkbox"/>	SEGAL	<input type="checkbox"/>	<input type="checkbox"/>
BAGGETT	<input type="checkbox"/>	<input type="checkbox"/>	SEIDMAN	<input type="checkbox"/>	<input type="checkbox"/>
EMANUEL	<input type="checkbox"/>	<input type="checkbox"/>	STEPHANOPOULOS	<input checked="" type="checkbox"/>	<input type="checkbox"/>
GEARAN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	TYSON	<input checked="" type="checkbox"/>	<input type="checkbox"/>
GERGEN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	VARNEY	<input type="checkbox"/>	<input type="checkbox"/>
GIBBONS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	WATKINS	<input type="checkbox"/>	<input type="checkbox"/>
HALE	<input type="checkbox"/>	<input type="checkbox"/>	WILLIAMS	<input type="checkbox"/>	<input type="checkbox"/>
HERMAN	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
LAKE	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
LINDSEY	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
McGINTY	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
MONTOYA	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
NUSSBAUM	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>

REMARKS: NOTE ANTICIPATED ANNOUNCEMENT WEEK OF OCT 15

RESPONSE:

JOHN D. PODESTA  
 Assistant to the President  
 and Staff Secretary  
 Ext. 2702

THE WHITE HOUSE

WASHINGTON

October 8, 1993 3:07 P P7:10

**MEMORANDUM TO THE PRESIDENT AND THE VICE PRESIDENT**

FROM: Katie McGinty *Mc for KM*  
SUBJECT: Climate Change Action Plan

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This memorandum outlines the major elements of the Climate Change Action Plan. It represents the consensus of the White House Offices, Agencies, and Departments that developed the Action Plan under the direction of the Office on Environmental Policy. **This plan returns U.S. greenhouse gas emissions to 1990 levels by the year 2000. It is a balanced plan that fulfills your Earth Day commitment and saves the government money. The plan also establishes groundbreaking public/private partnerships in key sectors – electric utilities, motor manufacturers, chemical companies, aluminum manufacturers. The plan would expand markets for U.S. technology and services in energy efficiency, renewable energy, natural gas and other sectors, creating jobs in the industries of the future. We have scheduled an announcement for October 19, a week that features several "jobs" related events -- an excellent context for this initiative. I would be happy to brief you on any or all elements of the plan, and to give you a full draft for review if you wish.**

**BACKGROUND**

- The international scientific community has concluded that climate change is the highest-risk environmental problem we face. The U.S. emits more greenhouse gases than any other nation -- about one-fifth of the global total.
- On Earth Day, you committed your Administration to produce a plan to return U.S. greenhouse gas emissions to 1990 levels by 2000:

*We must take the lead in addressing the challenge of global warming that could make our planet and its climate less hospitable and more hostile to human life. Today, I reaffirm my personal, and announce our nation's commitment to reducing our emissions of greenhouse gases to their 1990 levels by the year 2000. I am instructing my administration to produce a cost-effective plan by August that can continue the trend of reduced emissions. This must be a clarion call, not for more bureaucracy or regulation or unnecessary costs, but instead for American ingenuity and creativity, to produce the best and most energy-efficient technology.*

## PROCESS

- After Earth Day, OEP established a process to produce the plan.
  - OEP hosted the White House Conference on Global Climate Change on June 10-11, where 300 invited participants shared their views with about 800 who attended. Follow-up workshops allowed for more input.
  - The Climate Change Mitigation Group was convened from EOP and other agencies. Six working groups established: Energy Demand, Energy Supply, Transportation, Methane and other Gases, Sinks, and Joint Implementation. Working groups met twice a week from June through August.
  - An Interagency Analysis Team was tasked with analyzing policy options. Co-chaired by OEP and CEA, involved economists and analysts from OSTP, OMB, EPA, DOE, USDA, DOC, DOT, Treasury. The policy options were analyzed as individual actions and in an integrated modeling framework.
  - When the final package of actions was agreed upon, OMB and the affected agencies negotiated redirected budgets for FY 1995 which fulfill the requirements of the Action Plan.

## OVERVIEW AND KEY ELEMENTS OF THE PLAN

The Climate Change Action Plan is a detailed global warming strategy that demonstrates world leadership on a crucial issue. Moreover, the Plan relies on the positive link between environment and the economy, taking a partnership approach that fosters profitable pollution reductions.

- The plan establishes public/private **partnerships** with key industries. These include:
  - **Electric utilities** representing 60% of U.S. generation and 60% of CO<sub>2</sub> emissions from that sector have submitted letters of intent to negotiate greenhouse gas limits with DOE.
  - **Industrial motor manufacturers** have agreed to work with DOE, electric utilities and customers to increase efficiency of motor systems.
  - **Chemical firms** who emit hydroflouorocarbons (HFCs) are signing agreements with EPA to reduce emissions of these powerful greenhouse gases.
  - **Aluminum manufacturers** have agreed to limit emissions under an agreement with EPA.

- All told, the plan consists of almost **50 initiatives**, covering **all sectors of the economy**. This is an economy-wide problem that requires economy-wide solutions.
- The plan covers **all greenhouse gases** -- carbon dioxide, methane, nitrous oxide and other gases. It also includes forestry actions that protect carbon "**sinks**".
- The plan is designed for **rapid and aggressive implementation** and minimizes actions likely to be bogged down in legislative or regulatory arenas. The actions are largely administrative.
- The plan is backed up with a serious commitment of **Federal resources** -- between \$200 and \$300 million per year annually of new and redirected funding, a total of \$1.8 billion between 1994 and 2000.
- The plan helps **reduce the deficit** with three actions:
  - Power Marketing Administration reforms outlined in the National Performance Review, which would add roughly \$3.9 billion to Federal receipts between 1994 and 1999.
  - Reform in the tax treatment of employer-paid parking will bring in \$1.3 billion over the period from commuters who choose to take the cash value of this fringe benefit.
  - Giving private developers an opportunity to invest in hydroelectric upgrades at federal dams and market the additional power will bring in \$0.6 billion in lease payments between 1994 and 2000.
- The partnerships and other programs will **stimulate \$68 billion in private investment**, which saves \$185 billion in energy bills between 1994 and 2010. These investments and energy savings create thousands of jobs in the economy.
- The Action Plan, as currently proposed, is unlikely to hold emissions at 1990 levels over the longer term (post-2000). Therefore, we establish a White House team to **develop long-term strategies**, beginning with the transportation sector.

## IMPACT OF THE PLAN

### **Emission Reductions**

The major greenhouse gases are carbon dioxide (CO<sub>2</sub>), methane, nitrous oxides, and hydroflouorocarbons (HFCs). Net emissions of these gases in the U.S. are projected to grow by 7 percent between 1990 and 2000 without the Action Plan, from 1,455 million metric tons of

carbon equivalent (MMTCE) to 1,562 MMTCE. Thus, the object of the plan is to reduce projected emissions in the year 2000 by about 107 MMTCE (the emissions "gap").

Carbon dioxide from fossil energy production and use accounts for about 85% of greenhouse gas emissions. Emissions of methane, primarily from landfills, coal mining, natural gas production, and agricultural activities, contributed about 12% of U.S. net greenhouse gases. Nitrous oxide (N<sub>2</sub>O) emissions and HFCs contributed another 1.7% and 1.4% respectively of greenhouse gases in 1990.

Under the Action Plan, greenhouse gas emissions are returned to 1990 levels by 2000. However, net carbon emissions would be about 2% higher than 1990 levels, and HFCs emissions also rise, despite controls. Offsetting these gains are substantial reductions in methane.

### **Economic Impact**

Many of the programs outlined here will encourage individuals and firms to invest in energy saving equipment or other technologies which yield significant cost savings over the long term. Comparing the magnitude of these investments with the value of energy savings indicates the overall cost-effectiveness of the Action Plan. **While investing nearly \$68 billion in greenhouse gas emission reductions between 1994 and 2000, individuals and firms realize roughly \$185 billion in energy savings between 1994 and 2010.**

### **KEY PROGRAMS BY SECTOR**

#### **Residential Sector**

- **Energy-efficient mortgage initiative** to allow homeowners to finance efficiency improvements under conventional mortgages where the decreased energy bills more than offset the increased mortgage payment.
- **More aggressive appliance efficiency standards** on a wide range of household appliances to help reduce consumer energy consumption and utility bills.

#### **Commercial Sector**

- **Significantly expanded partnership programs** for energy efficiency in commercial buildings. These are modeled on successful efforts at EPA, and include Green Lights and Energy Star Buildings program (EPA) linked with Rebuild America program (DOE).
- **Assistance to states for better enforcement of building codes.**

## Industrial Sector

- **Motor Challenge** -- a partnership between industrial motor users (one of the biggest energy uses), manufacturers, utilities and DOE to promote efficient motor systems.

## Transportation

- **Parking reform** that gives a worker the option to take the cash value of employer-paid parking as an incentive to reduce solo-commuting -- and to generate revenues for reducing the deficit (cash accepted in lieu of parking benefit is taxable income).
- **One-year transportation strategy.** OEP/NEC/OSTP will lead a team to identify and implement regulatory or non-regulatory means to reduce greenhouse gas emissions from transportation -- the sector with the fastest growing emissions.

## Electric Utilities

- **Voluntary commitments from utilities** to reduce greenhouse gases. DOE has received letters of intent to negotiate limits on greenhouse gas emissions from about 60 utilities, representing about 60 percent of generation and CO<sub>2</sub> emissions from this sector. This program, called "Climate Challenge" represents significant progress in relationship with a major industry.
- **Allowing Seasonal gas use** for utilities and industrial sources. This allows oil- and coal-fired boilers to switch to natural gas during the summer months to control nitrogen oxide emissions that contribute to smog. This helps reduce CO<sub>2</sub> and save money compared to expensive technological controls that would be used year round.
- **Expand Integrated Resource Planning** assistance for state utility regulators to improve performance of utility conservation programs and renewable energy development.
- **Electric transformer standards** to increase transmission efficiency.

## Methane and other Gases

- **Aggressive landfill methane capture rule** from EPA to limit methane emissions from landfills and to encourage capture for energy use.
- **Expanded Natural Gas Star program** at EPA to reduce methane leaks from natural gas pipeline distribution systems.
- **Voluntary agreements and partnerships with HFC and aluminum producers** to encourage state of the art process equipment to reduce greenhouse gas emissions from manufacturing operations.

## Forestry

- Expand USDA technical assistance to small landowners for **better forest management**, which increases carbon storage in standing forests.
- The plan takes credit from reduced Federal timber sales from old-growth forest plan.

## International

- **Joint Implementation pilot projects.** Joint Implementation is undertaking projects overseas -- it will be a large part of many countries' plans in the future, but the international framework needs further development. The President's pilot program will help build experience and advance international framework. The plan meets the 2000 target with domestic actions.

## STAKEHOLDERS AND POLITICAL ANALYSIS

### **Business Support**

- We expect broad business support because of the flexibility inherent in the partnership and technical assistance programs.
  - Many business interests stand to benefit from the plan -- e.g. firms who manufacture energy efficient products, methane capture equipment, building trades (energy mortgages).
  - Some business groups who have traditionally opposed climate change policy may give tepid support because of the underlying cost-effective philosophy of the plan.
  - Natural gas industry will support the programs designed to promote natural gas.
- The electric utility industry has already indicated support for the plan by indicating a willingness to negotiate voluntary reductions in greenhouse gases. They value flexibility in emission reduction options, and expect that state rate regulators will support these actions as prudent investments in reducing future regulatory risks.

### **Business Opposition**

- Parking garage owners will oppose the "cash-out" policy because it will reduce their revenues and the value of their holdings. On the other hand, state and local officials responsible for air quality planning will enthusiastically support the cash out.

- Coal industry could oppose the plan, as overall domestic coal use could decline slightly from current levels under the Action Plan. However the coal industry and the UMW might not actively oppose because the Plan itself does not single out coal, relying instead on reducing electricity demand through end-use efficiency.

### Congress

- Many on the Hill who are concerned about climate change or energy inefficiency will support the overall plan. It expands some popular EPA programs and breathes some life into the Energy Policy Act of 1992, which received wide support. Many moderates support using forestry actions ("sinks") and joint implementation -- we are using sinks and moving the joint implementation agenda forward.
- Some more conservative members aligned with energy interests may express limited or qualified support for the Plan, under the presumption that the Administration is not proposing draconian mandates with heavy costs or negative impacts.
- We will get some opposition from the extremes. Coal region members who don't think we should do anything on climate will oppose the actions, and strong environmental advocates may want much more done at this stage, and will be skeptical of the voluntary approach that we have developed.

### Environmental Groups

- Some environmental groups will support the Plan because it proposes to expand programs that they have long supported and because the Plan represents a serious step toward greenhouse gas reductions, although there will be concerns and qualifications associated with that support.
- Some groups will feel that we did not go far enough and that we should have included tougher measures, especially CAFE. Most groups understand the political difficulties with proposing an increased CAFE and that it would not reduce emissions by much in 2000.
- Some environmental groups dislike sink enhancement (forestry projects) as a way to attain greenhouse gas targets -- they think that only sources should count and that estimates of CO<sub>2</sub> uptake from sinks are very uncertain. They also think that allowing sinks in countries' action plans is bad international precedent -- other countries might take less action on energy and rely more heavily on forestry options than we do. About 10% to 15% of our total emission reduction comes from sinks (depending on how you measure baselines). Some groups support using sinks (domestic or abroad) as a way to get cost-effective net emission reductions.

- Most environmental groups would oppose using overseas emission reductions (joint implementation) to count toward the U.S. commitment. We have proposed a pilot project that we do not count toward U.S. domestic emission reduction commitment, and this approach will be supported.
- Environmental groups will express disappointment that the current Action Plan does not "cap" or "stabilize" emissions in the long term. However, most of them will take a wait-and-see attitude with the development of the transportation and the post-2000 strategies.

**International**

- The U.S. will regain leadership on climate change by proposing a detailed plan that takes direct aim at an ambitious emission reduction target.
- Including HFCs in our baseline and identifying control actions will send a strong international signal for other countries to follow suit. We are the first country to take action on HFC emissions.
- Pilot program on joint implementation will signal support for the concept of international mitigation strategies, and demonstrate U.S. leadership in an important emerging arena. Some developing countries have opposed joint implementation on the grounds that they should not be responsible for emission reductions required by industrialized countries. The pilot program we are proposing will employ strict rules and criteria to measure emission reductions, which will alleviate concerns regarding exaggerated emission reduction claims.
- Some OECD countries oppose using sinks to fill the emission "gap." Some developing countries also oppose, believing that industrialized countries should do more on sources.

Do you approve the plan as presented?

Approve \_\_\_\_\_ Do Not Approve \_\_\_\_\_ Lets Discuss \_\_\_\_\_

Need to discuss: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

THE WHITE HOUSE  
WASHINGTON

October 18, 1993

Dear Colleague:

*file*  
I would like to take this opportunity to extend an invitation ~~for you to attend~~ the President's unveiling of his Climate Change Action Plan. The ceremony will be held on the South Lawn of the White House at 12:00 noon on Tuesday, October 19, 1993.

In his Earth Day Address, the President announced this Administration's intention to return U.S. greenhouse gas emissions to 1990 levels by the year 2000. President Clinton will be announcing his Climate Change Action Plan to accomplish his goals as outlined on Earth Day in April.

If you are coming from outside the White House, you will need to plan on arriving at the East Visitors Gate of the White House with picture identification by 11:00 a.m. for the announcement on Tuesday. If you have any questions, please feel free to contact Mr. Trey Lindseth or Ms. Jennifer Colamonico on my staff at 456-6224.

I hope you will be able to join us at the ceremony, and I look forward to seeing you soon.

Sincerely,



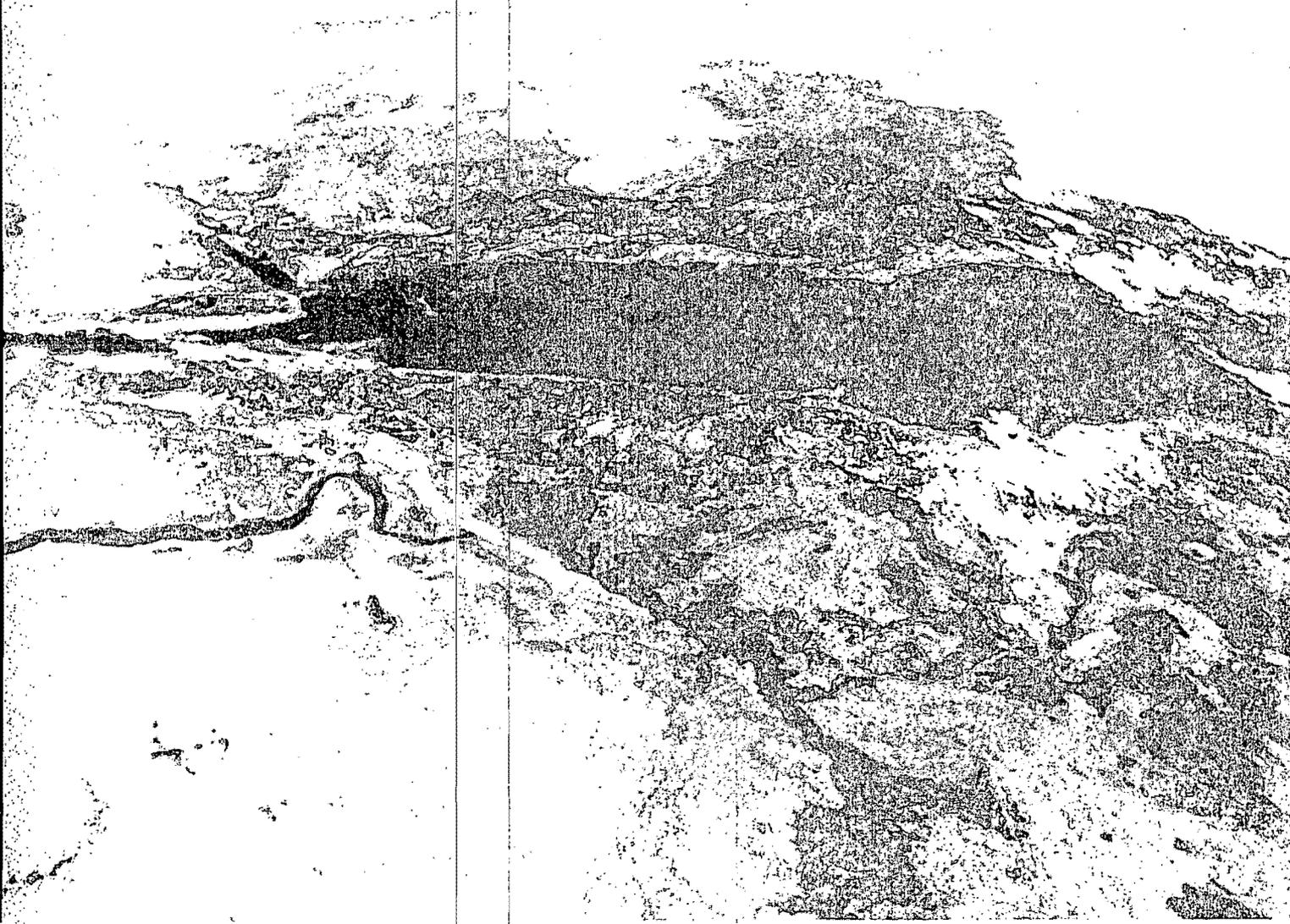
Kathleen A. McGinty  
Director, White House Office on  
Environmental Policy

KAM/avl

# THE CLIMATE CHANGE ACTION PLAN

President William J. Clinton  
Vice President Albert Gore, Jr.

October 1993



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## OVERVIEW AND KEY ELEMENTS OF THE PLAN

### THE CLIMATE CHANGE ACTION PLAN:

- Contains nearly **50 initiatives**, covering **all sectors of the economy**. This is an economy-wide problem that requires economy-wide solutions.
- Covers **all greenhouse gases** -- carbon dioxide, methane, nitrous oxide and other gases. Also includes forestry actions that preserve carbon stored in U.S. forests.
- Is designed for **rapid and aggressive implementation** and minimizes actions subject to legislative or regulatory delay.
- **Fosters partnerships** with business where focused government guidance and flexible approaches can produce cost-effective emission reductions. The plan stimulates investments in the technologies of the future, strengthening the American position in the global environmental technology marketplace.
- Is backed up with **real Federal resources** -- between \$200 and \$300 million per year annually of new and redirected funding between 1994 and 2000, a total of \$1.9 billion between 1994 and 2000.
- **Reduces the deficit** through two new policies. One would allow commuters the option of "cashing-out" employer-paid parking, by taking the value of the fringe benefit as taxable income. The second would permit private developers to upgrade existing Federal hydroelectric facilities and sell the extra generation in exchange for lease payments. These reforms generate revenues from new market transactions that help reduce greenhouse gases, and raise \$2.7 billion between 1994 and 2000.
- **Leverages over \$60 billion in private investment** between 1994 and 2000 in environmental technologies. These investments pay off for U.S. businesses and citizens -- the investments lead to over \$60 billion in reduced energy costs between 1994 and 2000, with continued benefits of over \$200 billion in energy savings between 2001 and 2010.
- Includes a **pilot program of joint implementation** to gain experience in evaluating investments in other countries for emission reduction benefits.
- **Will be actively monitored to review progress** toward meeting the President's goal, and will institute new programs as needed to ensure that emission reductions are made.
- **Establishes a White House team to develop strategies for long term emission reductions**, including emissions from automobiles and trucks.

## CLIMATE CHANGE ACTION PLAN

Background Briefing  
October 19, 1993

- Scientists and the environmental community agree that climate change is the highest-risk environmental problem we face.
- The President committed his Administration to respond by issuing a dual directive: to reduce our nation's emissions of greenhouse gases to 1990 levels by the year 2000, and to do so in a cost-effective way.
- After Earth Day, the White House Office on Environmental Policy (OEP) established a process to produce the plan.
  - OEP hosted the White House Conference on Global Climate Change on June 10-11, where 300 invited participants shared their views with about 800 who attended.
  - Climate Change Mitigation Group selected; Six working groups established: Energy Demand, Energy Supply, Transportation, Methane and other Gases, Sinks, Joint Implementation. The group consisted of representatives from EPA, DOE, DOT, Treasury, DOC, USDA, DOI, and White House Offices: CEA, OSTP, OMB, and DPC.
  - Interagency Analysis Team tasked with analyzing policy options. Co-chaired by OEP and CEA, involved economists and analysts from OSTP, OMB, EPA, DOE, USDA, DOC, DOT, Treasury. The policy options were analyzed as individual actions and in an integrated modeling framework.
- The President's Climate Change Action Plan is a detailed global warming strategy that demonstrates world leadership on a crucial issue. It reduces greenhouse gas emissions and its good for the economy.
  - The Plan relies on the positive link between environment and the economy -- relying on cost-effective and profitable pollution reductions.
  - The Action Plan takes the important first step toward protecting the Earth's climate system -- reducing U.S. greenhouse gas emissions to 1990 levels by the year 2000. But further actions will be required to protect the climate in the long term. The U.S. will lead both through domestic actions and international agreements.

### Electric Utilities

- **Voluntary commitments from utilities** to reduce greenhouse gases. DOE has received letters of intent to negotiate limits on greenhouse gas emissions from about 60 utilities, representing over 60 percent of generation and CO<sub>2</sub> emissions from this sector.
- Expand **Integrated Resource Planning** assistance for state utility regulators to improve performance of utility conservation programs and renewable energy development.
- Electric **transformer standards** to increase transmission efficiency.

### Methane and other Gases

- Aggressive **landfill methane capture rule** from EPA to limit methane emissions from landfills and to encourage capture for energy use.
- Expanded **Natural Gas Star** program at EPA to reduce methane leaks from natural gas pipeline distribution systems.
- **Voluntary agreements and partnerships with HFC and aluminum producers** to encourage state of the art process equipment to reduce potent greenhouse gas emissions from manufacturing operations.

### Forestry Actions

- Expand USDA technical assistance to small landowners for **better forest management**, which increases carbon storage in standing forests.
- Expand EPA/USDA **recycling programs** that help reduce the demand for virgin timber for paper and pulp.

### International

- **Joint Implementation pilot program.** Joint Implementation is undertaking emission reduction projects overseas, and will be a large part of many countries' plans in the future. However, the international framework needs further development. The President's pilot program will help build experience and advance international framework. The plan meets the 2000 target with domestic actions.

### Monitoring and Assessment

- The Action Plan includes provisions for ongoing monitoring, evaluation, and possible revision if emissions trends indicate that more needs to be done to achieve the goal of returning emissions to 1990 levels. The plan also establishes White House chaired interagency task forces to develop long term climate change strategy, including emissions from transportation sector.

## KEY PROGRAMS BY SECTOR

### Residential Sector

- **Energy-efficient mortgage initiative** to allow homeowners to finance efficiency improvements under conventional mortgages where the decreased energy bills more than offset the increased mortgage payment.
- More aggressive **appliance efficiency standards** on a wide range of household appliances to help reduce consumer energy consumption and utility bills. Standards are complemented with **innovative public/private consortia** that encourage manufacturers to develop more energy efficient appliances by offering guaranteed markets to the best technology.

### Commercial Sector

- **Significantly expanded partnership programs** for energy efficiency in commercial buildings. These are modeled on successful efforts at EPA, and include an expanded EPA Green Lights program, and a new coordinated effort between EPA and DOE called the Energy Star Buildings (EPA) and Rebuild America program (DOE).
- Help fund **cost-shared demonstration** projects for commercial building technology in federal, state, and local government buildings and private buildings.

### Industrial Sector

- **Motor Challenge** -- a partnership between industrial motor users (one of the biggest energy uses), manufacturers, utilities and DOE to promote efficient motor systems.
- Establish **market consortia** to purchase advanced energy-saving industrial equipment.

### Transportation

- **Parking reform** that gives a worker the option to take the cash value of employer-paid parking as an incentive to reduce solo-commuting -- and to generate revenues (the "cash-out" accepted in lieu of parking benefit is taxable income).
- **One-year transportation strategy.** OEP/NEC/OSTP will lead a team to identify an implement regulatory or non-regulatory means to reduce greenhouse gas emissions from transportation -- the fastest growing sector.

## **NOT FOR DISTRIBUTION**

### **STAKEHOLDER SUPPORT**

#### **Business Support**

- Expect broad business support because of the flexibility inherent in the partnership and technical assistance programs. Many business interests stand to benefit from the plan -- e.g. firms who manufacture energy efficient products, methane capture equipment, building trades.
- The electric utility industry, aluminum and chemical industries have indicated a willingness to negotiate voluntary reductions in greenhouse gases.
- No industry, sector, fuel, or technology has been singled out to carry a heavy burden of emission reduction. The plan is fair to American business and workers.

#### **Congressional Support**

- Many Members of Congress who are concerned about climate change or energy efficiency have indicated support for the Action Plan. It expands some popular EPA programs and breathes some life into the Energy Policy Act of 1992, which received wide support. Forestry measures have wide support on the Hill, and we are moving the joint implementation agenda forward, which also has much Congressional support.

#### **Environmental Community**

- Environmental groups should support the Plan because it proposes to expand programs that they have long supported and because the Plan represents a serious step toward greenhouse gas emission reductions.

#### **International**

- The U.S. will regain leadership on climate change by proposing a detailed plan that takes direct aim at returning U.S. greenhouse gas emissions to 1990 levels by the year 2000.
- Including control measures for HFCs sends a strong international signal for other countries to follow suit.
- Pilot program on joint implementation will signal support for the concept of international mitigation strategies, while strict rules and criteria proposed will alleviate concerns regarding exaggerated emission reduction claims.

**NOT FOR DISTRIBUTION**

## State of Scientific Understanding of Climate Change

J. D. Mahlman, D. Albritton, and R. T. Watson

This brief summary is largely based on the IPCC scientific assessments and summarizes our views of what already is known and what remains uncertain concerning the greenhouse warming issue.

### What Scientists Understand Very Well

- \* The atmospheric abundances of greenhouse gases (carbon dioxide, methane, nitrous oxide, and halocarbons) are increasing due to human activities.
- \* Greenhouse gases absorb infrared radiation, altering the atmospheric radiative balance.
- \* Greenhouse gases affect the Earth's climate for centuries because of their very long residence times and the associated time response of the climate system.
- \* Changes in other substances partially offset the impact of greenhouse gases (stratospheric ozone depletion and increases in sulfate aerosols and carbonaceous soot).
- \* Natural climate variability makes it difficult to detect an enhanced greenhouse warming.
- \* Global surface temperatures have increased (0.3 to 0.6°C) over the past century.
- \* Global surface temperatures were anomalously high in the late 1980s, 1990 and 1991.
- \* No inconsistency is found between surface, radiosonde and satellite observations of temperature trends during the 1980's.
- \* Substantial reduction of key uncertainties (detailed quantification of the timing, magnitude and regional patterns of climate change) needs a decade or more.
- \* The stratosphere is expected to cool significantly because of increases in carbon dioxide and decreases in stratospheric ozone.

### What Scientists Understand Reasonably Well

- \* Observed global temperature changes are not inconsistent with model predictions especially if allowance is made for the cooling effect due to anthropogenic aerosols and stratospheric ozone depletion. Natural climate variability could be the cause of the observed temperature increase, alternatively, natural variability could have masked an even larger human-induced increase.
- \* Doubled carbon dioxide abundances are predicted to increase temperatures by 1.5 to 4.5 °C.
- \* Significant warming is expected by the mid-21st century (1-5 °C), assuming that the global emissions of greenhouse gases continue at the levels of the central IPCC scenarios.
- \* Sea level is expected to rise for many centuries (4-12 inches by the middle of the next century)
- \* Greater warming is likely in the northern polar winter.
- \* Reductions in northern, but not southern, sea ice are expected.
- \* Global mean precipitation will increase: changes in regional distribution are less certain.
- \* Climate change will impact ecological and socio-economic systems. Changes in temperature, precipitation and soil moisture will affect water availability, agricultural productivity, and will alter the productivity and boundaries of natural terrestrial ecosystems.

### What Greenhouse Predictions are Less Certain

- \* The prediction of mid-continental summer dryness.
- \* The prediction that ocean overturning will diminish.

### The Most Serious Uncertainties that Need to be Resolved

- \* Future atmospheric abundances of carbon dioxide.
- \* Cloud-radiation feedbacks.
- \* Regional-scale predictions of climate change.
- \* Changes in the frequency and intensity of tropical storms.

SELECTED QUESTIONS AND ANSWERS ON THE  
PRESIDENT'S CLIMATE CHANGE ACTION PLAN

**THE APPROACH: PARTNERSHIPS/FLEXIBILITY/VOLUNTEERISM**

**Q: What percentage of the plan is voluntary?**

A: The plan is really a strategic combination of carrots and sticks -- for example, efficiency standards for appliances are reinforced by market-enhancing programs with the private sector. We are all responsible for causing greenhouse gas emissions, and through this plan we will all be responsible for helping to reduce them. This approach has demonstrated results where it has been tried -- our plan expands this approach to new areas.

Most of the estimates for the partnership programs include a certain amount of reenforcement from utility demand-side management programs, where utilities pay people to be efficient, and from standards -- so it's a little bit misleading to try to split out the effect of the programs alone. But as a rough estimate, it's one-half to two-thirds. Keep in mind that if we're not on track, we will adjust our programs and efforts so that the President's target is reached.

**Q: How much of the plan is under existing authority? How much needs legislation?**

A: The plan is designed for rapid implementation and minimizes actions likely to be delayed through legislative or regulatory processes, in order to meet the year 2000 goal. About 90% of the emissions reductions are from administrative actions. About 10% require legislation. The parking "cash-out" reform, and the hydroelectric leasing reform require legislation.

**Q: Let me get this straight: You ducked everything politically difficult. You squeaked by on voluntary programs -- but only because you added sinks. You backed away from a campaign pledge to do CAFE. You won't commit to anything beyond 2000 -- and you won't commit to renegotiate a good treaty. What would Senator Gore say?**

A: Some people have very short memories. Just a year ago, the US was a world FOLLOWER on the environment. George Bush was pulled to Rio by the American people and by other countries. President Clinton, with this plan, re-establishes the United States as the world leader on the global environment. President Clinton has committed the U.S. to reaching a target within a time-table and this Administration will do whatever is necessary to get there.

I heard someone say this plan could have been George Bush's. Whether or not he could have prepared this plan, HE DID NOT.

**Q: But didn't Bush have a program like this?**

A: No he didn't. Although the Bush Administration did outline a series of climate initiatives, there are major differences.

The first is Leadership: President Bush was largely a follower on international environmental issues. Under his Administration, the U.S. was among the most reluctant nations to participate in the development of the climate convention in Rio, and did so only after the commitment reduce to 1990 levels in 2000 had been taken away. President Clinton made that commitment, and with this plan, the U.S. is regaining its leadership position.

Second: Funding. The Bush plan was a plan that existed mostly on paper. The Bush program was proposed, but left essentially unfunded -- in the agencies, nothing really changed and most of the new programs were never initiated. The Clinton strategy is accompanied by real resources -- almost \$2 billion in mostly redirected funding between now and 2000.

Finally, the program itself: The Clinton strategy is broader and more diverse (has two times as many initiatives). The Bush programs that were working have been built into our "baseline" -- the starting place for our strategy, and some of the successful programs operating in the agencies on shoestring budgets during the Bush years are being expanded.

(see side-by-side comparison, below)

**Q: This voluntary stuff seems pretty squishy. How real are these programs?**

A: THE PARTNERSHIP PROGRAMS ARE BASED ON SUCCESS. For example, the EPA Green Lights program began in January, 1991. So our savings projections are based on two and a half years of successful program experience. Participants in the program sign a voluntary contract with EPA which establishes their commitment to achieving results. The Green Lights savings estimates have received substantial independent review. The "voluntary" program estimates are based not only on the success of the program itself, but also on the fact that they are strengthened by utility DSM programs and in many cases, standards. (We took extreme care not to "double count".)

THE PARTNERSHIP PROGRAMS WILL BE STRICTLY MONITORED. For example, partners in the Green Lights, Energy Star Buildings and Rebuild America Programs will report their progress in completing energy-efficient upgrades at least once each year. EPA collects and analyzes the implementation data, thus tracking program success. If program results were to fall below expectations, the recruiting of participants could be accelerated. EPA's experience with Green Lights has shown that recruitment is primarily limited by internal staff and budget constraints, not by the interest of outside parties.

## EMISSIONS PROJECTIONS

**Q: How much do emissions rise without your plan between 1990 and 2000?**

A: Emissions grow from 1462 to 1568 million metric tons of carbon equivalent (MMTCE), an increase of 7 percent.

**Q: What happens to CO2 emissions in this plan?**

A: CO2 rises slightly, about 2% -- that's about 24 MMT. HFCs also rise, although their growth is cut in one-half. Cuts in methane and nitrous oxide emissions make up the difference.

(The carbon number above includes CO2 offset by forestry)

**Q: What percentage of the reductions come from non-CO2 sources?**

A: About one-third.

(For other questions about numbers, see the first few pages of the plan following the overview)

(See the voluntary section for more detail -- below)

**Q: How did you choose the programs?**

A: President Clinton instructed his administration to produce a cost-effective plan and issued a "clarion call, not for more bureaucracy or regulation or unnecessary costs, but instead for American ingenuity and creativity, to produce the best and most energy-efficient technology."

In response to that call the White House formed a groundbreaking interagency task force, the Climate Change Mitigation Group, to identify the best opportunities for reducing greenhouse gas emissions. This interagency group relied on the expertise of scores of program managers, analysts, and economists and the experience of people around the country who have been engaged in energy efficiency work, technology development, and agriculture.

## CONTINUOUS MONITORING

**Q: What if the plan doesn't deliver the promised reductions?**

A: Remember, this is NOT a set and forget plan! In order to meet the goal of returning greenhouse gas emissions to 1990 levels, the President is committing his Administration to a biannual evaluation of emission trends and program effectiveness. In reality, we will be updating the plan even sooner in order to meet international commitments associated with the treaty. The Office on Environmental Policy will chair an interagency task force to monitor progress and pursue additional policy initiatives if needed to attain our goal.

In addition, to ensure that we are rolling, a major climate conference will be held in Washington six months from now with all of the key stakeholders -- from government, business and the environmental community.

The Action Plan detailed here is the beginning of a process, not a one-time product. This Administration is committed to seeking out all cost-effective actions that will reduce greenhouse gas emissions and improve our quality of life through economic growth, job creation and environmental protection.

**Q: What were the next actions? If something happens and you need another good program, what would it be?**

A: We're confident that the plan will achieve its expected results. Of course, our plan does call for extensive monitoring and adjustments to keep the emissions reductions on track. If for some reason the plan needs adjusting, we'll look again at all of the options available -- new initiatives, changes to existing programs, or more resources for the programs that are working best.

**Q: How committed are you to the 1990 goal? If, in 1997 you discover that the plan is falling short, will you be willing to take strong measures to make the target?**

A: Yes. Monitoring and evaluation is one of the most important elements of this plan (see above). Starting next year, and every two years after that we'll take a long hard look at our programs, and modify them accordingly. We're absolutely confident that we'll meet our commitment.

## INTERNATIONAL NEGOTIATIONS

**Q: If you are so sure about the plan making its goal, will you renegotiate the treaty? If were really serious about climate change, you would agree to hard targets and timetables, in a treaty that has teeth.**

A: This plan establishes the U.S. as a world leader in climate. We're doing everything called for under the treaty and more. Our position in the next negotiating session will certainly reflect this progress, and reflect whatever progress is made by the other countries.

## POST-2000

### **Q: What happens after the year 2000?**

A: The initiatives in the President's plan will continue to achieve emission reductions relative to expected levels beyond the year 2000. Climate change is a long term problem; and the Administration will sustain a long term effort.

This plan by itself is unlikely to stabilize emissions at 1990 levels under reasonable assumptions regarding economic growth, the diffusion of existing technologies, and new technology development.

Therefore, we will continue to develop policies to address the longer term trends in greenhouse gas emissions. The White House National Economic Council, Office on Environmental Policy and Office of Science and Technology Policy will lead a task force to recommend strategies beyond 2000. This long term strategy will build on this plan's support of the development and diffusion of technologies that reduce greenhouse gas emissions. The group will examine all budget, technology, R&D, regulatory and economic policies that could impact emissions beyond 2000, and make initial recommendations by the end of 1994.

Much of the anticipated growth in greenhouse gas emissions after the year 2000 will be in the transportation sector. As such, the President is directing his Administration to develop cost-effective measures to significantly reduce greenhouse gas emissions from personal motor vehicles, including light cars and trucks, and make recommendations in one year (see above).

### **Q: How short are you in 2010?**

A: We haven't fully evaluated the impacts of these new programs beyond the year 2000. The R&D programs and the programs that create markets for efficiency will lead to technical innovation and new designs in ways that haven't yet been quantified.

### **Q: Why won't you COMMIT to stabilizing emissions in 2010?**

A: We're not going to stop when we reach the first milestone. Climate change is a long-term problem that will require sustained effort, and the United States will continue to cut greenhouse gases. The treaty calls us to stabilize emissions at a level that prevents "dangerous anthropogenic interference with the climate system" in a "time frame sufficient to allow ecosystems to adapt naturally to climate change, to ensure that food production is not threatened, and to enable economic development to proceed in a sustainable manner" -- and that's what we'll do.

## BUDGET, ECONOMICS AND JOBS

**Q: How much do the programs cost to operate?**

A: This climate plan is backed up with real resources, about \$1.9 billion in Federal funding between 1994 and 2000, most of which is redirected money.

However, the plan as a whole reduces the deficit, through two new policies. One would allow commuters the option of "cashing-out" employer-paid parking, by taking the value of the fringe benefit as taxable income. The second would permit private development at existing Federal hydroelectric facilities in exchange for lease payments. These reforms would raise \$2.7 billion between 1994 and 2000.

**Q: Congress has historically left many of these programs underfunded. Even this year, a Democratic Congress did not fully fund the President's FY 1994 request for some of these programs, such as the EPA programs. What makes you think they will be funded in the future?**

A: The President and Vice President have made their commitment to the climate programs abundantly clear, and we will ensure that this plan is funded -- this year, and every year. And it will be funded at levels that get us to our commitment.

Congress made this year's decisions without knowing how the pieces of the plan fit together toward the overall climate strategy. With the release of the plan, and with a concerted Administration effort in the future appropriations bills, we will get the funding necessary to meet the President's goal.

**Q: How do these programs benefit the economy? Do they really create jobs?**

A: Through the programs, businesses and homeowners will have greater access to technologies that save them money. Now it is difficult to find energy efficient technologies and the expertise needed to get them in place. Using these technologies cuts costs, makes companies more competitive and allows them to invest in new designs, new manufacturing and new jobs. (It also is more labor-intensive to install energy efficiency than build power plants.)

## TRANSPORTATION

**Q: If transportation GHG emissions are increasing faster than emissions in other sectors, why isn't more action being taken in the transportation sector?**

A: The plan emphasizes long-run strategies to deal with an issue that has long-term implications. As part of the action plan, President Clinton is directing the White House National Economic Council, Office on Environmental Policy, and Office of Science and Technology Policy to develop measures within one year that will significantly reduce greenhouse gas emissions from personal motor vehicles.

This task force will:

- Seek broad public input from industry, state and local government, the environmental community and others
- Cut greenhouse gas emissions from cars and light trucks while meeting or exceeding all vehicle safety and clean air requirements
- Include regulatory and/or non-regulatory actions.

**Q: Why did you break your campaign pledge and not increase the CAFE standard?**

A: The Administration is taking a different approach at this point.

1. Transportation Strategy Task Force: In addition to the transportation measures included in the plan, we've established a White House group to prepare a transportation strategy. (see above)

2. Clean Car: By working with the auto industry through the Clean Car Initiative, we're pursuing a whole new generation of cars. These cars are not incrementally more fuel efficient -- they're miles ahead. And we're helping to position Detroit for world-leadership into the 21st century. These new cars should have fuel efficiency 300% better than the current standard and all the safety and affordability of their competition, and they could hit the market in just 10 years.

Due to the lead time needed to change CAFE standards and have those changes reflected in vehicle design, CAFE is unlikely to produce significant improvements in the technology of new vehicle offerings before model year 1998 or 1999. Then, since new vehicles replace less than a tenth of the on-the-road fleet in any given year, the impact of CAFE on GHG emissions before the year 2000 would be minimal -- less than 5% of our total.

*(Note: We don't want to rule out CAFE, just point out that it isn't the silver bullet it's cracked up to be.)*

## FORESTRY

**Q: What are "sinks" and why are they in the Plan?**

A: Scientifically, what matters to the climate system is the atmospheric concentration of greenhouse gases -- and it doesn't matter how you reduce them. Since atmospheric concentrations are the result of both emissions and uptake (plants take in CO2 from the atmosphere as they grow, through photosynthesis), a good plan should address both -- and use the most cost-effective options available. This plan does.

In fact, the forestry actions themselves address both emissions and uptake: By reducing cutting of forests, the plan prevents additional emissions, and extra tree planting and tree growth take carbon dioxide out of the atmosphere (that's why they are called "sinks"). The forestry actions are some of the most cost-effective actions in the plan.

03 MAY 1993

To: Katie McGinty

From: Kathi Way *KAW*

Subject: Climate Change Action Plan Process *fill*

I left the office early on Friday to attend a family function and, therefore, missed your deadline for response. Following a conversation with Carol Rasco this morning, I wanted to take a minute to again raise some concerns with the approach highlighted in your memorandum of April 28.

0 First, there is a very short deadline attached to this very complex issue. In general, the larger the group, the more difficult to move forward in a timely fashion.

0 Assuming you are successful coordinating and moving the group forward, a very open "public" process that culminates with a set of options sent to the President puts the decision to choose one option versus another squarely on the President's desk. This leaves the President at odds with the groups supporting recommendations not selected.

0 Finally, if you are committed to the "open" process, establishing a "steering committee" of senior government officials to "sort through" the information prepared by the working groups could be very helpful to keeping the project on course.

Hope this information is helpful and I apologize for the delay.

CC: Carol Rasco

April 30, 1993

To: Katie McGinty  
From: Bo Cutter *Bo*  
Subject: Climate Change Action Plan

*Bo -  
any response  
may be needed*

The President is now between a rock and a hard place, with (1) a personal commitment, on (2) a matter of enormous national impact, with (3) many public stakeholders with major interests and strong views, but (4) no agreed information base for decision, and (5) only 17 weeks to meet his own deadline.

This is an urgent situation in which every moment and every step counts. Two basic approaches have been suggested to involve the government, which is responsible, and the public, which has information to offer and interests at stake:

1. internal group uses external as sounding board
2. mixed internal/external groups produce material which is then synthesized by internal group

The first approach is far more workable in the present circumstances and would be strongly our choice were we handling the coordination role. There are many variations on this approach in terms of timing, format and participation to assure that those with information to provide are able to do so and that decision substance and process are suitably transparent to the public.

If you stay with the second approach, three elements are essential:

- the working groups are tasked with developing alternatives for decision, not offering up a single take-it-or-leave-it recommendation or list of recommendations
- a cross-cutting interagency group is constituted at the outset from among senior government officials to perform the synthesizing task as the working groups proceed. This group will need to have working level support to evaluate options arising in the working groups and to maintain close communications with those groups.
- sufficient time will need to be provided at the end of the process to allow a decision memorandum to be prepared for the President which provides an integrated array of fully supported options -- i.e., options whose

costs and benefits are agreed by responsible officials. In order to allow this memorandum to be prepared and concurred in by relevant Cabinet officers, four weeks should be provided between the final meeting of the Action Plan Committee and the President's decision.

Approach two is a risky arrangement. It can only be contemplated if the public consultation Committee portion of the schedule is concluded in such a way that the Presidential decision process can go forward with adequate information and time.



We agree that we need real-time analysis capability in order to (1) inform the process from the initial stages; (2) help integrate interim policy options into an emerging coherent plan; and (3) so that we can "keep score" as to meeting our commitment. We will have to consider the issue of whether or not the analyses can or should remain strictly confidential or be made available for the full Committee in public. It was also suggested that a subgroup of the Administration Senior Steering Group (who are not active on the Committee or directing a working group) meet regularly to track progress and provide political advice or commentary to the Advisory Committee. This could be valuable if properly structured.

The question of Congressional staff participation needs consideration. We believe that they should be encouraged to attend the meetings as observers. We would appreciate your comments regarding the advantages and risks of allowing Congressional staff to sit on the Committee or the working groups.

We have allotted more time to initial selection of Committee members and structuring the process. This will squeeze us at the end, but is probably worth the investment up front. The August 16 deadline could be moved back one week since the International Negotiating Committee will meet during the last two weeks in August in New York City.

Thanks again for your input. We're off to a good start.

Development of the  
**Climate Change Action Plan**

Structure and Functions  
April 28, 1993

**Critical Factors to Keep in Mind:**

- o The Presidential commitment requires us to succeed, and is crucial for success.
- o The timing is very tight - we are facing a mid-August deadline.
- o We need affected interests to have a stake in the process in order to both formulate and implement the plan.
- o The Administration must maintain firm control over the process while not retarding the beneficial input and advice from affected interests. Non-constructive input or obstruction must be avoided.
- o The integrity of the process requires that stakeholders not use other channels to influence Administration decisions.

**I. STRUCTURE**

Establish Climate Change Action Plan Committee

- o Mission: Committee makes recommendations to Administration Senior Steering Group (composed of Principals from key agencies and White House) on meeting the President's commitment; Committee chaired by White House Office on Environmental Policy.
- o Membership on the Committee: government, industry, labor, environmental organizations, universities. [QUESTION: ROLE OF CONGRESS?]
- o Initially set Committee at 30 members -- but will probably have to take close to 50 to accomodate important stakeholders.
- o Committee to meet at least three times in public forum.

Committee to have nine Working Groups

- o Mission: Working groups to develop recommendations on actions to take within their subject areas.
- o Each Working Group will have two co-chairs -- one governmental (Deputy or Assistant Secretary level) and one non-governmental (CEO/Sr. VP/Commissioner level) Co-Chairs

will undertake an enormous responsibility -- the government co-chair will be faced with full time involvement.

- o Working Groups composed of Committee members in their areas of expertise plus additional working group members **as necessary**.
- o Working Groups to meet as often as needed (weekly or semi-monthly).
- o Working Group Chairs to coordinate with each other through periodic meetings (public?) and through the full Committee meetings.
- o Suggested Working Groups:
  - \* Analytical/Modeling
  - \* Energy: Supply-side (includes efficiency improvements in generation, transmission and distribution, renewable resources, and other reduced-CO2 generation options)
  - \* Energy: Demand-side (includes residential, commercial, and industrial sectors)
  - \* Energy: Transportation
  - \* Methane
  - \* Other Gases (HFCs, Nitrous Oxide)
  - \* Sinks
  - \* Cross-cutting regulatory/legal/institutional reforms
  - \* Joint Implementation

## II. TIME LINE

- o Week of April 26 -- Intra-White House concurrence Interagency consultation.
- o Week of May 3 -- Interagency concurrence. Advisory Committee authorization; solicit recommendations for Committee membership
- o Week of May 10 -- Member selection/vetting, contracting for meeting arrangements. Set Committee Meeting Schedule.
- o Week of May 17 -- Invite/inform Committee members and working group members. Meet with Working Group Chairs.
- o Week of May 24 -- First Meeting - Full Committee President stops by to reaffirm commitment.
- o Week of May 31 -- Working Groups meet (as necessary).

- o Week of June 7 -- Working Groups meet (as necessary).  
Working Group Chairs Meeting to assess first round.
- o Week of June 14 -- Working Groups meet (as necessary).
- o Week of June 21 -- Working Groups meet (as necessary).  
Working Group Chairs Meeting to assess progress and draft progress report.
- o Week of June 28 -- Second Meeting of Full Committee--  
Progress Reports and Recommendations for  
Working Group Direction.
- o Week of July 5 -- Working Groups meet (as necessary).
- o Week of July 12 -- Working Groups meet (as necessary).  
Working Group Chairs Meeting.
- o Week of July 19 -- Working Groups meet (as necessary).
- o Week of July 26 -- Working Groups meet (as necessary).
- o Week of August 2 -- Working Groups meet (as necessary).  
Working Group Chairs Meeting to draft final Working Group report and recommendations.
- o Week of August 9 -- Final Meeting -- Recommendations made to  
Chair and Governmental Steering Group  
President and/or VP there to receive recommendations. Final decisions.
- o Week of August 16 -- Draft and produce Action Plan.
- o Week of August 23 -- Presentation of U.S. Action Plan to INC in New York.