SE COS 19

President Bush: "To achieve this [18% GHG intensity reduction] goal, our nation must move forward on many fronts, looking at every sector of our economy. We will challenge American businesses to further reduce emissions. Already, agreements with the semiconductor and aluminum industries and others have dramatically cut emissions of some of the most potent greenhouse gases. We will build on these successes with new agreements and greater reductions." (2/14/02).

Excerpts from Materials (2/14/02):

Sector Challenges

Semiconductors: On March 13, 2001, EPA and the Semiconductor Industry Association signed a new voluntary agreement, the PFC Reduction Climate Partnership. Under this partnership, the industry agreed to reduce emissions of perfluorocarbons (PFCs) by 10 percent from 1995 levels by the end of 2010. The expected reduction of 13.7 million metric tons of carbon dioxide equivalent in 2010 alone is comparable to taking 12 million cars off the road. PFCs have, on average, 10,000 times the potency of carbon dioxide over 100 years, and persist in the atmosphere 2,000 to 50,000 years.

Aluminum: Twelve of the thirteen U.S. primary aluminum producers, representing 96 percent of the U.S. primary aluminum production capacity, have joined EPA's Voluntary Aluminum Industrial Partnership. Companies participating in this program have committed to make reductions in two potent PFCs, tetrafluoromethane (CF_4) and hexafluoroethane (C_2F_6). The program met its 2000 goal to reduce PFC emissions from U.S. primary aluminum smelting by 45% – equivalent to 1.8 million metric tons of carbon – using cost-effective approaches that make economic and environmental sense for the partners.

Methane: Because of the potency of methane relative to carbon dioxide, a "methane-first" strategy for greenhouse gas mitigation is cost-effective. A variety of U.S. industry and government partnerships have reduced methane emissions, and they are expected to hold emissions at or below 1990 levels through and beyond 2010. Partners in EPA's methane programs are projected to maintain emissions below 1990 levels through 2010.

- EPA's Natural Gas STAR program includes companies representing 40 percent of the U.S. natural gas production, 72 percent of transmission company pipeline miles, 49 percent of distribution company service connections, and 23 percent of processing throughput. In 2000, EPA estimates a reduction in methane emissions of 4 million metric tons of carbon equivalent, and projects for 2010 a reduction of 6 million metric tons of carbon equivalent.

- EPA's Coalbed Methane Outreach Program (CMOP) encourages industry to reduce methane emissions from underground coal mines. The program provides technical assistance to mining companies on technologies for recovered methane. EPA estimates that CMOP reduced 2 million metric tons carbon equivalent in 2000.

- In the agriculture sector, USDA and EPA have partnered on the Ag-STAR program and the Ruminant Livestock Efficiency Program (RLEP) to reduce methane emissions.

Message Points
July 16 Meeting with CEQ

- The business community applauds the President's approach to climate policy including:
  - The emphasis placed upon addressing emissions "intensity."
  - The voluntary nature of emissions reporting
  - The efforts to improve the existing DOE 1605(b) reporting program and we are constructively engaged in assisting that process.

- We also welcome the "Challenges" that the President has issued to the Business Community and we are eager to work in partnership with the Administration to meet those challenges – many questions exist, however, about the specifics of these "Challenges."

- Importantly, the degree of vigor with which industry sectors can be expected to respond to the President's call for action will greatly depend on:
  - Government incentives, including DOE 1605(b) reporting reforms, and
  - Significant government program support, particularly at DOE

- The February 14th U.S. Climate Strategy notes that "The President challenges American businesses and industries to reduce emissions. Already, agreements with the semi-conductor and aluminum industries, and industries that emit methane, have dramatically reduced emissions of some of the most potent greenhouse gases. We will build on these successes with broader agreements and greater reductions." (p. 11)

- What types of "broader agreements" does the Administration envision (i.e., corporate level or sector level)? We believe sector-wide approaches would conform better to the Administration's stated positions and would better assist efforts to achieve the 18% intensity goal stated by the President.

- The matter of "Issue Ownership" over climate policy also remains somewhat unclear to us – we recognize the Interagency Task Force structure that's been adopted but believe a clearer delineation of authority within the EOP would assist our efforts to respond to the President's challenges to the business community.

- The proliferation of climate programs among a number of departments and agencies is also a source of some confusion – we have long held that climate policy is an energy issue and therefore believe the Administration should more clearly assign Department-level oversight of the climate issue to the Dept. of Energy.

- Our industries would like to work cooperatively – at the sector level – to publicly promote the actions and investments that are ongoing or forthcoming from the business community to demonstrate the effectiveness of the Administration's climate strategy either by means of a White House event or by other appropriate promotional means. Any White House or other government event should include both trade association heads as well as individual company CEO's.

Memorandum

To: **Queshean Rice**

Cc: Phil Cooney

Fr: Glenn Kelly

Date: July 15, 2002

Re: **Tuesday, June 16 Meeting at CEQ**

Queshean,

I have confirmed participation by two other individuals for the Tuesday, July 16 meeting at 5:00 pm with Jim Connoughton. I would be very grateful if you could please submit the following names and information for clearance to attend the meeting:

Joe F. Colvin
SSN: [redacted]
DOB: [redacted]

Richard J. Myers
SSN: [redacted]
DOB: [redacted]

Thank you in advance for your assistance with this request. If you need to contact me I can be reached at (w) 202-496-1000 or (c) 202-368-0813.

Tuesday, July 16, 2002 at 5:00 pm

Qorvis Communications
Glenn F. Kelly
[redacted]

American Iron & Steel Inst.
Andrew Sharkey
[redacted]

James Deward Shultz
[redacted]

Edison Electric Institute
Thomas R. Kuhn
[redacted]

William Fang
[redacted]

American Portland Cement Alliance
Richard Creighton
[redacted]

Andrew P. O'Hare
[redacted]

Alliance of Auto Manufacturers
Michael J. Stanton
[redacted]

National Mining Assn.
Jack Gerard
[redacted]

Constance D. Holmes
[redacted]

Assn. Of American Railroads
Edward R. Hamberger
[redacted]

John F. Wetzl
[redacted]

National Corn Growers
J. Jon Doggett
[redacted]

National Lime Assn.
Arline M. Seeger
[redacted]

Nat'l Assn. Of Manufacturers
Michael Baroody
[redacted]

Marshall E. Whitenton
[redacted]

American Chemistry Council
Fredrick L. Webber
[redacted]

Mark D. Nelson
[redacted]

Nat'l Rural Electric Coop. Assn.
Martin Lowery
[redacted]

Carol Whitman
[redacted]

American Petroleum Inst.
Byron Cavaney
[redacted]

Robert L. Greco
[redacted]

American Public Power Assn.
James Nipper
[redacted]

Rebecca Blood
[redacted]

American Forest & Paper Assn.
W. Henson Moore
[redacted]

Sharon H. Kneiss
[redacted]

Nuclear Energy Institute
Joe Colvin
Richard Myers

Voluntary Action Program by KEIDANREN (Federation of Economic Organization)

- Voluntary Commitment to Stabilize CO2 Emissions in 2010 at 1990 Level

  (Major Examples)

  Steel : ▲10% Reduction of Energy Consumption

  Chemical : ▲10% Reduction of Energy Intensity

  Pulp & Paper : ▲10% Reduction of Energy Intensity

- ▲0．1% Reduction of CO2 Emissions in 1999 compared to 1990 Level

Table. Expansion of Coverage

	1997	1998	1999
Number of Industries	28	31	34
Share in Total CO2 Emission (1990)	42%	42%	42.60%
Share in CO2 Emissions in Industry & Energy Sector	76%	75%	76.50%
Note	28 Indudtries Including Steel, Chemical, Pulp, Cement etc	3 Additional Industries (Bearing, Dairy, Soft Drink)	3 Additional Industries (Machine Tool, Glass Bottle, Milling)