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**Climate VISION Rollout  
February 12, 2003  
Admin/DOE Statements  
Press Reports**





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Press Reports**

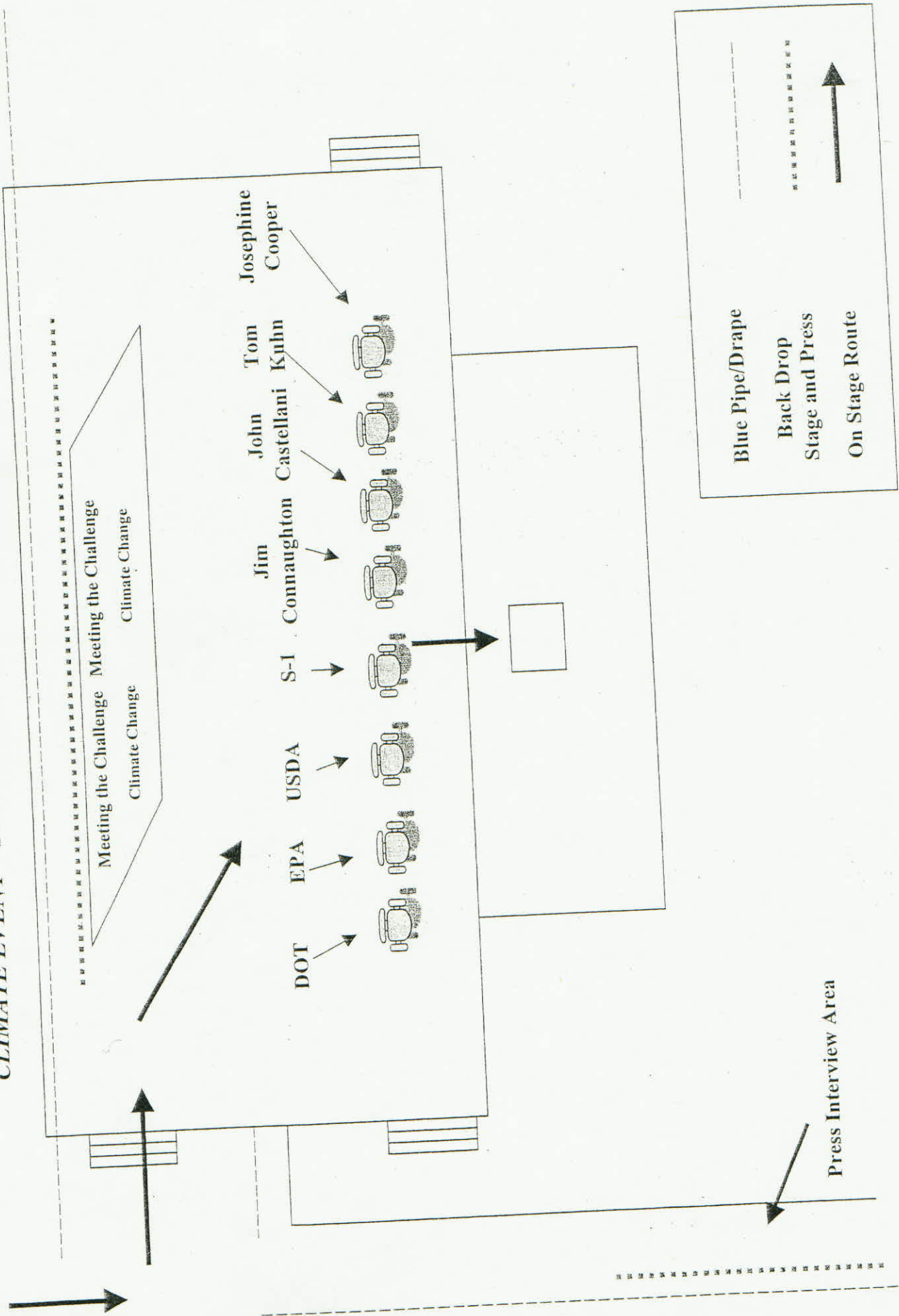
**Admin/DOE  
Statements**

**Press Reports**






**CLIMATE EVENT – FEBRUARY 12, 2003 – MAIN STAGE MOVEMENTS**







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For Immediate Release  
Office of the Press Secretary  
February 12, 2003

## atement by the President

The United States is taking prudent steps to address the long-term challenge of global climate change. We are reducing projected greenhouse gas emissions in the near term, while devoting greater resources to improving climate change science and developing advanced energy technologies. America has already made great progress in this effort: Between 1990 and 2001, industrial sector emissions were held constant, while our economy grew by almost 40 percent. Sustaining and accelerating this progress will help us meet our goal of reducing the greenhouse gas intensity of the American economy by 18 percent by 2012.

Year ago, I challenged American businesses to develop new, voluntary initiatives to reduce greenhouse gas emissions. I am pleased to announce today that 12 major industrial sectors, and a membership of the Business Roundtable, have responded with ambitious commitments to reduce their greenhouse gas emissions in the coming decade.

America's electric utilities; petroleum refiners and natural gas producers; chemical, automotive, magnesium, iron and steel manufacturers; forest and paper producers; railroads; the mining, cement, aluminum and semiconductor industries; and many of America's leading corporations have committed to actions that will prevent millions of tons of greenhouse gas emissions in the coming decade. I commend these initiatives which will help these businesses and industries continue to prove their energy efficiency and overall productivity, while contributing toward achieving our goal to reduce the greenhouse gas intensity of the American economy.

I said last year, every sector of the economy will need to contribute to our efforts to achieve our ambitious national goal. These initiatives are a first step in what we expect to be an ongoing engagement with these and other sectors of our economy in the years ahead.

Underpinning our approach to climate change is an understanding that meeting this long-term challenge requires policies that recognize that sustained economic growth is an essential part of the solution. Policies that undermine the health of our economy would only hamper America's ability to develop and deploy new energy technologies and invest in energy efficiency and productivity improvements. The United States is the world's leader in technological development, industrial productivity, and environmental quality. These strengths make possible the initiatives that have been announced today to reduce or capture and store greenhouse gas emissions.

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Schroeder Vieth, Jill  
Thursday, February 13, 2003 3:21 PM  
Cobb, Al  
the president did finally approve the statement

ct:

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# DOE NEWS

U.S. DEPARTMENT OF ENERGY • OFFICE OF PUBLIC AFFAIRS • WASHINGTON, DC 20585

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FOR IMMEDIATE RELEASE

Monday, February 10, 2003

### Media Advisory

## Energy Secretary to Unveil "Climate VISION" Initiative

WASHINGTON, DC -- Secretary of Energy Spencer Abraham on February 12 will host the rollout of President Bush's business challenge climate change initiative termed "Climate VISION," or "Climate, Voluntary Innovative Sector Initiatives: Opportunities Now."

Secretary Abraham will be joined by Environmental Protection Agency (EPA) Administrator Christine Todd Whitman, Agriculture Secretary Ann Veneman, Transportation Deputy Secretary Michael Jackson, and White House Council on Environmental Quality Chairman James Connaughton, as well as several other business and industry participants.

The "Climate VISION" initiative responds to President Bush's Feb. 2002 announcement of a new strategy to address the long-term challenge of global climate change, in which he committed to reducing America's greenhouse gas intensity by 18 percent in the next decade. President Bush also challenged American businesses and industries to undertake broader efforts to help meet that goal.

The Feb. 12<sup>th</sup> announcement will recognize the significant initiatives that major, energy-intensive sectors of the American economy are undertaking to meet the challenge. These initiatives build upon the progress made by the industrial sector in the past decade, 1990 to 2001, when the economy grew by almost 40 percent but greenhouse gas emissions in the industrial sector were held constant.

**WHO:** Secretary of Energy Spencer Abraham  
EPA Administrator Christine Todd Whitman  
Secretary of Agriculture Ann Veneman  
Transportation Deputy Secretary Michael Jackson  
Council on Environmental Quality Chairman James Connaughton

**WHAT:** Announcement of "Climate VISION" initiative

**WHERE:** Department of Energy Cafeteria (*Smithsonian Metro*)  
1000 Independence Ave., SW (*enter 10<sup>th</sup> St. door—east side of cafeteria*)

**WHEN:** Wednesday, Feb. 12  
2:00 p.m. (12:30 p.m. cafeteria doors open)  
mult-box, throw 60 – 70 feet

-- DOE --

N-03-012





## Bush Administration Launches "Climate VISION"

### *"Climate, Voluntary Innovative Sector Initiatives: Opportunities Now" Will Address Challenge of Climate Change*

WASHINGTON, DC -- Today, the Department of Energy, on behalf of the Administration, launched the President's "Climate VISION" (Voluntary Innovative Sector Initiatives: Opportunities Now) - a voluntary, public-private partnership to pursue cost-effective initiatives that will reduce the projected growth in America's greenhouse gas emissions. Climate VISION will be administered through the Department of Energy's policy and international program.

Climate VISION directly responds to President Bush's announcement made nearly one year ago, Feb. 2002, to address the long-term challenge of global climate change. As part of this strategy, he committed to reducing America's greenhouse gas intensity - the ratio of emissions to economic output by 18 percent during the next decade, and challenged American businesses and industries to undertake broader efforts to help meet that goal. Climate VISION is part of the global climate change strategy to work with energy partners to meet the President's greenhouse gas intensity goals. Climate VISION represents a beginning to seek greater reductions and the participation of other industry sectors going forward.

Secretary of Energy Spencer Abraham, together with Environmental Protection Agency Administrator Christine Todd Whitman, Secretary of Agriculture Ann Veneman, Deputy Secretary of Transportation Michael Jackson, and White House Council on Environmental Quality Chairman James Connaughton, joined business and industry leaders participating in Climate VISION to recognize the significant initiatives that major, energy-intensive sectors of the American economy are undertaking to meet the President's challenge. These initiatives build upon the progress made by the industrial sector in the last decade, from 1990 to 2001, while the economy grew by almost 40 percent, greenhouse gas emissions in the industrial sector were constant.

Statements at today's event from Administration officials included:

**Energy Secretary Abraham:** "We look forward to working closely with American industry and other sectors in fulfilling commitments to reduce greenhouse gas emissions from a growing and productive economy. Together, the participants in Climate VISION will bring forward their best efforts, best practices, technologies and industrial processes to reduce, avoid and sequester greenhouse gas emissions."

**EPA Administrator Whitman:** "The industry leaders of America are answering the President's call to work with the federal government and take voluntary actions to reduce their greenhouse gas emissions, and for that, each of you should be commended for your initiative and leadership on this issue."



**Secretary of Agriculture Veneman:** "The President's plan recognizes the important role that forestry and agricultural lands can play in addressing climate change. The results of the partnerships announced today will help offset greenhouse gas emissions."

**DOT Deputy Secretary Jackson:** "The commitments exemplified by the automotive and rail industries, and the other private sector industries represented here today, are exactly the sort of voluntary efforts that Americans are known for, and exactly the sort needed to meet President Bush's ambitious vision to reduce greenhouse gas emissions."

The sectors at today's event included the energy, manufacturing, transportation and forest industries and the following associations: Alliance of Automobile Manufacturers, Aluminum Association, American Chemistry Council, American Forest and Paper Association, American Iron and Steel Institute, American Petroleum Institute, American Public Power Association, Association of American Railroads, Business Roundtable Table, Edison Electric Institute, Electric Power Supply Association, Magnesium Coalition and the International Magnesium Association, National Mining Association, National Rural Electric Cooperative Association, Nuclear Energy Institute, Portland Cement Association, and Semiconductor Industry Association.

[Fact Sheet on Sector Strategies](#)

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Release Date: February 12, 2003

[Back to Previous Page >](#)



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FOR IMMEDIATE RELEASE  
Wednesday, February 12, 2003

## BUSH ADMINISTRATION LAUNCHES "Climate VISION"

*"Climate, Voluntary Innovative Sector Initiatives: Opportunities Now"  
Will Address Challenge of Climate Change*

WASHINGTON, DC -- On February 14, 2002, President Bush announced a new strategy to address the long-term challenge of global climate change. As part of this strategy, he committed to reducing America's greenhouse gas intensity - the ratio of emissions to economic output - by 18 percent during the next decade, and challenged American businesses and industries to undertake broader efforts to help meet that goal.

Today, the Department of Energy, on behalf of the Administration, launched the President's "Climate VISION" - a voluntary, public-private partnership to pursue cost-effective initiatives that will reduce the projected growth in America's greenhouse gas emissions. Climate VISION: Voluntary Innovative Sector Initiatives: Opportunities Now.

Secretary of Energy Spencer Abraham, together with Environmental Protection Agency Administrator Christine Todd Whitman, Secretary of Agriculture Ann Veneman, Deputy Secretary of Transportation Michael Jackson, and White House Council on Environmental Quality Chairman James Connaughton joined by business and industry leaders participating in Climate VISION to recognize the significant initiatives that major, energy-intensive sectors of the American economy are undertaking to meet the President's challenge. These initiatives build upon the progress made by the industrial sector in the past decade; from 1990 - 2001, while the economy grew by almost 40 percent, greenhouse gas emissions in the industrial sector were constant.

Statements at today's event from Administration officials included:

Secretary Abraham:

"We look forward to working closely with American industry and other sectors in fulfilling commitments to reduce greenhouse gas emissions from a growing and productive US



economy Together, the participants in Climate VISION will bring forward their best efforts, best ideas, technologies and industrial processes to reduce, avoid and sequester greenhouse gas emissions.”

Administrator Whitman:

"The industry leaders of America are answering the President's call to work with the federal government and take voluntary actions to reduce their greenhouse gas emissions, and for that, each of you should be commended for your initiative and leadership on this issue."

Secretary Veneman:

“The President's plan recognizes the important role that forestry and agricultural lands can play in addressing climate change. The results of the partnerships announced today will help offset greenhouse gas emissions.”

Deputy Secretary Jackson:

“The commitments exemplified by the automotive and rail industries, and the other private sector industries represented here today, are exactly the sort of voluntary efforts that Americans are known for, and exactly the sort needed to meet President Bush's ambitious vision to reduce greenhouse gas emissions.”

The sectors at today's event included the energy, manufacturing, transportation and forest industries and the following associations: Alliance of Automobile Manufacturers, Aluminum Association, American Chemistry Council, American Forest and Paper Association, American Iron and Steel Institute, American Petroleum Institute, American Public Power Association, Association of American Railroads, Business Roundtable Table, Edison Electric Institute, Electric Power Supply Association, Magnesium Coalition and the International Magnesium Association, National Mining Association, National Rural Electric Cooperative Association, Nuclear Energy Institute, Portland Cement Association, and Semiconductor Industry Association.

###

Remarks Prepared for  
Energy Secretary Spencer Abraham  
Business Challenge Rollout  
February 12, 2003

Good afternoon and welcome to the Department of Energy as we highlight the success of the President's voluntary climate change strategy, called Climate VISION.

Just under one year ago, President Bush announced his Climate Change Strategy, which built on his June 2001 commitment to the long-term stabilization of green house gas concentrations.

The President cares deeply about responsibly addressing the issue of climate change and has made it one of his top priorities. Today we are here to address this priority.

The President's strategy focuses on improvements to our scientific understanding of climate change and a host of actions to address greenhouse gas emissions in the short term, while this additional scientific information is being collected.

The short-term actions include, for example:

- Tax incentives for renewables and energy efficiency
- Technology initiatives such as FreedomCAR, the President's Hydrogen Fuel Initiative, and our recent decision to join the international science effort designed to produce energy from nuclear fusion
- And voluntary initiatives such as the Department of Energy-led interagency effort, which we are reporting on today.

I want first to thank a few of the many important people and organizations that will be key contributors to this effort.

Onstage with me are EPA Administrator Christie Whitman, Secretary of Agriculture Anne Veneman, Deputy Secretary of Transportation Michael Jackson and Jim Connaughton, Chairman of the Council on Environmental Quality.

Along with them are Josephine S. Cooper of the Alliance of Automobile Manufacturers; John Castellani of the Business Roundtable, and the Edison Electric Institute's Thomas Kuhn. You will be hearing from all of us today.

The Commerce Department is represented here today by Deputy Secretary Bodman. As you know, the President created a cabinet committee to oversee the implementation of his Climate Change Strategy. Secretary Evans led the committee last year and I am pleased, as co-chair, to be leading it this year.

Similarly, Deputy Secretary Sam Bodman is chairing the Science and Technology Working Group this year, taking over from Energy Under Secretary Bob Card, who was chair last year.

The Climate VISION program is part of the President's climate change strategy. It is a voluntary partnership that unites American businesses and the federal government in a coordinated effort to promote and share the best ideas,



innovations, and technologies to reduce, avoid, and sequester greenhouse gas emissions.

Each of the Climate VISION participating industries has voluntarily set a specific goal for reducing greenhouse gas intensity or increasing energy efficiency.

The benefits that will be derived by achieving these targets, when added to the significant reductions we expect as a result of anticipated energy efficiency improvements, and to reductions from the commercial and residential sectors, will help us achieve the President's 10-year goal of reducing greenhouse gas intensity by 18 percent.

The bonus for our industry partners is that reducing emissions intensity and increasing energy efficiency will also result in significant cost savings – it's not just good policy, it's good business.

This is an important day for those of us in the Bush Administration who are charged with implementing President Bush's global climate change strategy – and for the industry sectors whose voluntary actions will help get us to our goal.

I'm pleased to see so many business and industry representatives here today. You recognize that producing energy and other products carries with it a corporate responsibility to protect the environment.

And I believe that your commitment, and the cost-effective strategies that you develop, will lead other businesses and industries to join us in this work.

Now, I'd like to take a few minutes to highlight some of the work being done by the industrial sectors with which the Department of Energy is allied in this effort. But before I do that, let me put these commitments in context.

First, they are in addition to what would have been achieved through the responsible application of improved technology.

Second, This is an unprecedented and complex undertaking. Existing methods for calculating and comparing data vary from one sector to another.

For that reason, the Department of Energy and our private-sector partners are working together to develop improved, standardized methods for calculating and reporting emission reduction progress as part of DOE's greenhouse gas registry program.

By adding precision and transparency to our efforts, we will improve information sharing between our partners and other interested parties, and eliminate the uncertainty that often surrounds greenhouse emissions data today.

Our preliminary analysis of the commitments we have in hand indicates that they will yield their sector share of the President's 18 percent goal. We will have further discussions during the implementation of the reporting program to ensure that we achieve the President's goal.

Now let me turn to our industry partners' commitments.

The electric power sector has been a leader in voluntary climate activities, and through the Electric Power Industry Climate Initiative, seven power sector groups have committed to further reductions in greenhouse gas emissions intensity.

By May of this year, the power sector and the Department of Energy will sign a formal memorandum of understanding committing the industry to several

sector to get the job done. And the same is true – as you will see – of the voluntary actions of my colleagues' private sector partners.

It is important to remember that government itself will not appreciably reduce greenhouse gas emissions. Industry – and commercial businesses and ordinary Americans living their daily lives – will.

President Bush challenged industry to sit down, free of coercive government mandates, and devise the means best suited to overcome the challenges peculiar to your industries, and you came through. Only one year after the announcement of the Climate Change initiative, plans are in place, commitments have been made, and work is underway.

We are in the early stages of a decade-long effort. There is much to be learned – and there will be more work to do beyond meeting the reduction goals set out here today.

I have no doubt that, thanks to the ingenuity and commitment of the private sector, we will succeed in meeting the President's 18 percent reduction goal.

We at the Department of Energy are proud to be leading this effort.



## Meeting President Bush's Climate Change Challenge to Business and Industry

*"To achieve this 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.... We will build on these successes with new agreements and greater reductions."*

-- President George W. Bush, February 14, 2002

On February 14, 2002, President Bush announced a new strategy to address the long-term challenge of global climate change. He committed to reducing America's greenhouse gas intensity – the ratio of emissions to economic output – by 18% in the next decade, and challenged American businesses and industries to undertake broader efforts to help meet that goal. Today, Secretary of Energy Spencer Abraham, Environmental Protection Agency Administrator Christine Todd Whitman, Secretary of Agriculture Ann Veneman, Deputy Secretary of Transportation Michael Jackson, and White House Council on Environmental Quality Chairman James Connaughton recognized the significant initiatives that major, energy-intensive sectors of the American economy are undertaking to meet the President's challenge. These initiatives build upon the progress made by the industrial sector in the past decade; from 1990 – 2001, while the economy grew by almost 40 %, greenhouse gas emissions in the industrial sector were constant.

### Meeting the Challenge Across America's Largest Companies

- ❖ The Business Roundtable's (BRT) Climate RESOLVE (Responsible Environmental Steps, Opportunities to Lead by Voluntary Efforts) initiative will mobilize the resources and expertise of its 150 member companies to enhance their voluntary actions to reduce the greenhouse gas intensity of the American economy. The BRT has committed to achieving 100% participation of its members in initiatives to reduce, avoid, offset or sequester emissions. These companies collectively generate one-third of the United States' Gross Domestic Product.
- ❖ Climate RESOLVE is the only initiative that reaches across industries and sectors to encourage voluntary efforts to manage greenhouse gas emissions by many of the nation's largest companies. In June 2004, the BRT will release its first annual public report on accomplishments under the program and additional measures planned for future years. The BRT will monitor the activities of its members and report on progress toward its goal of 100% participation, continuing through 2012. Climate RESOLVE's philosophy is that "voluntary actions are the best way to deliver continued economic growth while minimizing the risks of climate change."



## Meeting the Challenge in the Energy Sector

### Oil and Gas Production, Transportation and Refining

- ❖ American Petroleum Institute (API) whose members represent over 60% of U.S. petroleum refining capacity, is committed to increasing aggregate energy efficiency of members' U.S. refinery operations by 10% from 2002 to 2012. This goal will be met through reduced gas flaring and other energy efficiency improvements, expanded combined heat and power facilities, increased by-product utilization, and reduced carbon dioxide venting. API will also aim for 100% participation in EPA's Natural Gas Star program and in federal Combined Heat and Power (CHP) programs. API members will develop greenhouse gas management plans to identify and pursue opportunities to further reduce emissions.

### Electricity Generation

- ❖ Edison Electric Institute (EEI) and six other power sector groups, representing 100% of U.S. electricity generation, formed the Electric Power Industry Climate Initiative (or EPICI) to reduce the sector's carbon intensity. Other EPICI members include the National Rural Electric Cooperative Association, the Nuclear Energy Institute, the American Public Power Association, the Large Public Power Council, the Electric Power Supply Association, and the Tennessee Valley Authority. By May of this year, a formal memorandum of understanding between EPICI and DOE will be signed and it will pledge the industry to reduce the power sector's carbon impact in this decade by the equivalent of 3% to 5%, through increased natural gas and clean coal technology, increased nuclear generation, offsets, and expanded investment in wind and biomass projects.

Expected initiatives include reforestation in the lower Mississippi River valley (UtiliTree II), increased use of coal combustion byproducts (C2P2), and expanded use of wind and biomass (Harvesting the Wind, etc.). The Edison Electric Institute is also working with DOE to develop the Power Partners Resource Guide, a Web-based tool to help companies reduce greenhouse gas emissions intensity.

- ❖ Nuclear Energy Institute (NEI) has identified the potential to expand nuclear power generation to displace growth in sources that emit greenhouse gas emissions. Capacity of six - eight gigawatts can be added by power uprating, in addition to those uprates already identified by the Nuclear Regulatory Commission. Productivity of existing plants can be improved to add the equivalent of another three - five gigawatts of capacity. Re-starting nuclear powerplants, such as the TVA Brown's Ferry plant, could add more than one gigawatt. Full use of existing facilities could increase nuclear power capacity by 10 gigawatts, or 10% of existing nuclear capacity, and would avoid the emissions of approximately 22 million metric tons of carbon equivalent in 2012.



- ❖ National Rural Electric Cooperative Association (NRECA) represents operators serving 36 million people in 47 states, and participates in Power Partners to develop renewable sources, landfill and agricultural methane uses, and bio-fuels. NRECA is also participating in the effort to find “near-zero emission” technologies. Other efforts include improved load management to cut peak demands and line-loss research to increase distribution efficiency over the members’ extended distribution lines.
- ❖ American Public Power Association (APPA) and Large Public Power Council (LPPC) members provide electric power to more than 40 million Americans, and pledge their efforts to expand generation from renewable sources. Specifically, members will increase utilization of existing hydro-electric capacity to meet western power needs, will increase generation from wind projects and landfill gas, and implement “green pricing” to increase incentives for production by low emission technologies. Where coal generation is used, APPA members pledge to increase generation efficiencies by four to eight percent under enabling revisions to the Clean Air Act.
- ❖ Electric Power Supply Association (EPSA) members supply electricity to competitive markets and provide a large share of new, low-emission electricity capacity. EPSA members pledge to increase their average capacity factor from the current 40 percent projected in 2012 to 44 percent.

#### Coal Production and Mining

- ❖ National Mining Association (NMA) representing producers of 70% of the nation’s primary electricity fuels, is committed to achieving a 10% increase in the efficiency of those systems that can be further optimized with processes and techniques developed by DOE and made available through the pending NMA-DOE Allied Partnership. The commitment includes steps to recover additional coalmine methane, expansion of land reclamation and carbon sequestration efforts and coal and mining research. For example, technology developed through DOE partnerships is projected to further reduce greenhouse gas emissions by one million metric tons annually by 2012.

#### **Meeting the Challenge in the Manufacturing Sector**

- ❖ Portland Cement Association (PCA) in cooperation with the Department of Energy and the Environmental Protection Agency, has committed to reduce carbon dioxide emissions by 10% per ton of cement from a 1990 baseline by 2020. The Association and its members who represent more than 95% of US cement production have adopted a three part program to achieve the goal that focuses on enhancements to the production process, the product itself and how the product is applied.
- ❖ American Iron and Steel Institute (AISI) 33 member firms, representing nearly three-quarters of the nation’s steel-producing capacity, have committed to achieving a 10%



increase in sector-wide average energy efficiency by 2012 from 1998 levels. The improvements will come both in steelmaking efficiency and industry restructuring. In addition, the industry will continue to produce new steel products that enable efficiency gains to industry customers.

- ❖ Semiconductor Industry Association (SIA) in partnership with the Environmental Protection Agency, has committed to reduce a suite of the most potent greenhouse gas emissions by 10% from 1995 levels by the end of 2010. The SIA agrees to this goal on behalf of 22 semiconductor manufacturers that account for over 70% of this sector's HFC, PFC and SF6 "perfluorocompound" emissions. EPA estimates that this goal will reduce emissions by over 13.5 MMTCE in the year 2010, or the equivalent of eliminating greenhouse gas emissions from 9.6 million cars. Perfluorocompounds are among the most potent and persistent of all global warming gases and are used to clean semiconductor manufacturing equipment and to etch silicon wafers to create circuitry patterns. These perfluorocompounds have, on average, 10,000 times the global warming potential of carbon dioxide over 100 years, plus, they can persist in the atmosphere from 2,000 to 50,000 years. Launched in 1996, this partnership has catalyzed global industry efforts by the World Semiconductor Council and other semiconductor trade associations to reduce greenhouse gas emissions worldwide. Semiconductors manage electronic information in a wide variety of products such as computers and cell phones.
- ❖ Magnesium Coalition and the International Magnesium Association. Partner companies in the Environmental Protection Agency's SF6 Emission Reduction Partnership for the Magnesium Industry have committed to eliminate sulfur hexafluoride (SF6) emissions from their magnesium operations by 2010. SF6 is the most potent greenhouse gas known today; more than 23,000 times as strong as the most common man-made greenhouse gas, carbon dioxide. The partner companies committed to eliminating SF6 emissions represent 100% of U.S. primary magnesium production and approximately 80% of U.S. magnesium casting and recycling. The industry's action will reduce overall U.S. SF6 emissions in 2010 by an estimated 20% and will have a climate benefit equivalent to eliminating greenhouse gas emissions from more than one million cars.
- ❖ American Chemistry Council (ACC), representing 90% of the chemical industry production in the U.S., has agreed to an overall greenhouse gas intensity reduction target of 18% by 2012 from 1990 levels. ACC will measure progress based on data collected directly from its members. The ACC also pledges to support the search for new products and pursue innovations that help other industries and sectors achieve the President's goal. Activities include increased production efficiencies, promoting coal gasification technology, increasing bio-based processes, and, most importantly, developing efficiency-enabling products for use in other sectors, such as appliance transportation and construction.
- ❖ Aluminum Association, in partnership with the Environmental Protection Agency, has committed to reduce sector-wide greenhouse gas emissions. Through one of the



first voluntary partnerships with EPA in 1995, the Voluntary Aluminum Industry Partnership (VAIP) reduced perfluorocarbon (PFC) emissions in 2000 by over 45% compared to 1990 levels. The VAIP has committed to further reduce PFC emissions by 2005. This year the industry will collaborate with EPA to identify additional greenhouse reductions for multi-gas voluntary reductions. This broadened commitment will enable the industry to make additional reductions through multiple pathways such as energy efficiency and recycling in the most cost-effective and efficient manner.

## **Meeting the Challenge in the Transportation Sector**

### Railroads

- ❖ The Association of American Railroads (AAR) in consultation with the Department of Transportation, the AAR has committed to reducing the transportation-related greenhouse gas intensity of their Class 1 railroads by 18% in the next decade. In 1980, a gallon of diesel fuel moved one ton of freight an average of 235 miles; in 2001, railroads were able to move one ton of freight an average of 406 miles on a single gallon of fuel. In 2001 alone, this improvement saved 2.6 billion gallons of diesel fuel, preventing 30 million tons of carbon dioxide emissions. In the future, railroads will aggressively pursue innovative ways to reduce fuel consumption and greenhouse gas emissions.

### Automobiles

- ❖ Alliance of Automobile Manufacturers (AAM) whose members account for over 90% of U.S. vehicle sales, has agreed to reduce greenhouse gas emissions from its members' manufacturing facilities by at least 10% by 2012, based on U.S. vehicle production from a 2002 baseline. Activities toward this goal include installing energy efficient lighting, converting facilities' coal and oil power sources to cleaner natural gas, and upgrading ventilation systems. Moreover, research partnerships between DOE and some Alliance members, such as for FreedomCAR, are accelerating the development of inherently clean fuel cell technology.

## **Meeting the Challenge in the Forest Sector**

- ❖ American Forest and Paper Association (AF&PA) in consultation with the United States Department of Agriculture, is committed to actions to meet the President's greenhouse gas intensity reduction goal. AF&PA members expect to reduce their greenhouse gas intensity by 12% by 2012 relative to 2000. Specific actions include the enrollment of 114 million acres in the Sustainable Forestry Initiative program, the largest sustainable forestry program in the world. AF&PA members also have a strong commitment to recycling and expect fiber recovery rates of at least 50%, avoiding methane emissions in landfills and increasing carbon storage. The industry will continue to lead all manufacturing sectors in on site electricity generation,

deriving over half of its energy needs from renewable energy and biofuels and in many cases supplying supplemental electricity to the surrounding power grid.











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Subject: US to unveil greenhouse gas commitments

to unveil greenhouse gas commitments  
Demetri Sevastopulo, Financial Times

Published: February 7 2003 1:53

White House will next week unveil commitments from US companies to curb emissions of greenhouse gases.

Promises stem from President George W. Bush's effort to enlist industry support for his climate change initiative, which aims for an 18 per cent reduction in "greenhouse gas emissions intensity" - measured against gross domestic product over the next decade.

A formal announcement is expected at a meeting at the White House on February 10, attended by representatives from industries including the electricity, transport and mining sectors, and several cabinet secretaries.

But many US companies claim that the initiative imposes an undue burden on the economy, environmental groups argue that the initiative lacks teeth.

"The efforts of individual companies to reduce emissions is commendable," said Michael Krupp, president of Environmental Defense, a lobbying group. "But they are inefficient to tackle a problem as vast as the US emissions of greenhouse gases in the atmosphere."

The latest White House initiative is an attempt to alleviate criticism that the president's strategy of voluntary rather than mandatory arrangements will not result in significant reductions.

Although Mr Bush is likely to obtain "concrete" commitments to reduce emissions, promises are widely expected to be more modest than the administration's target of an 18 per cent reduction. In some cases, industries will specify actions to reduce emissions rather than setting numerical targets.

"A lot of the low-hanging fruit has already been picked," said a spokesman for the Edison Electric Institute, which represents US electric companies. "While we can make a commitment, it will be tough to meet the president's targets."

Environmental groups argue that even if the "intensity" targets are met, actual emissions will not necessarily decline, if GDP grows at a faster rate than the rate of decrease in emissions. "The atmosphere doesn't read emissions in terms of intensity," said Mr Krupp. "The president's plan approves continued increases in total emissions."

The Business Round Table, whose membership includes chief executives of large US corporations, will unveil its own initiative, which asks members to commit to voluntary reductions, at the White House meeting.





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Voluntary limits will not curb global warming

By Joe Lieberman

Published: February 11 2003 19:45 | Last Updated: February 11 2003 19:45

It looks as if President George W. Bush is at last feeling a little heat for failing to deal credibly with global warming for almost two years. On Wednesday his administration will stand with corporate executives to tout their voluntary commitment to reduce greenhouse gas emissions. But while the plan may provide the administration with some temporary political shade, it will do nothing to tackle the growing environmental problem we and the world face.

The record on this is as clear as the sky is blue: voluntary programmes like the one proposed by the president simply do not work. At the 1992 summit in Rio de Janeiro, the US agreed to the convention on climate change and signed up to a "voluntary" goal of reducing emissions to 1990 levels by the year 2000. Voluntary programmes were attempted. But US greenhouse gas emissions instead increased by 14 per cent between 1990 and 2000.

In fact, under the logic of the Bush administration's plan, the faster the US economy grows, the more greenhouse gas emissions will be allowed to increase. This perverse result reflects precisely the wrong-headed, zero-sum approach that has been rejected by Democrats and Republicans alike in recent years. At a Senate commerce committee hearing last year, James Connaughton, chairman of the White House's council on environmental quality, admitted as much, stating: "Greenhouse gas emissions will rise under our approach, no question about that."

Senator John McCain and I have a legislative plan to start reducing harmful emissions immediately by harnessing US private sector innovation. The plan is called "cap and trade". The government sets an overall limit on the amount of greenhouse gases nationwide, then businesses have total flexibility to cut their own emissions as they see fit. They buy and sell credits to other companies on the open market instead of paying penalties to the authorities.

This is an approach endorsed by environmentalists and conservatives, for good reason. It responds to the growing consensus that America needs to take serious steps today to deal with global warming.

In most obvious danger is our environment. Already, nine of the 10 warmest years in recorded history have come in the past decade. Ice caps and glaciers are melting and ecosystems are changing irreversibly. This is not about building a better world for plants and animals; it is about making the future safe for our children and grandchildren.

Our economy is also under threat. New markets in climate credits and pollution reduction technologies are opening up around the world. Europe and Japan are in the vanguard. New generations of technologies mean evolving industries with the promise of producing millions of highly skilled jobs. US



companies should be in the fray, not on the sidelines.

And there is a third casualty of the Bush administration's passive approach: America's international credibility. Europe and the rest of our allies care deeply about climate change. We need to show a healthy respect for their concerns. The Thames river barrier had, until recently, closed an average of two to three times a year. But in the five months from November 2000 to March 2001, engineers had to raise the barrier 23 times to protect London and other low areas from flooding.

The last few days have laid bare a growing disharmony between the US and Europe. While this rift has widened over the matter of confronting Iraq, the Bush administration's failure to consult with its allies on other matters has been a contributing factor. As Tony Blair said recently in regard to security questions, "people listen to the US on these issues and may well agree with them, but they want the US to listen back" on global warming and other vital matters.

Global warming is here. If we do nothing, it will only get worse. Even those who do not think temperatures are rising acknowledge that, out of common sense, we should do something now as an insurance policy. That is why the president's new announcement rings hollow, and why the bipartisan plan proposed by Senator McCain and me is the right way forward. No wonder it has won support across the political spectrum. It will achieve real reductions in emissions, spark economic growth and restore America's international environmental leadership. Why does Mr Bush continue to fight a smart, bipartisan solution?

*The writer is senator (Democrat) for Connecticut*

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# Global-Warming Plan Draws Heat

*Companies Feel Policy Is Less Business-Friendly Than White House Advertised*

BY JEFFREY BALL  
AND JOHN J. FIALKA

A4

U.S. COMPANIES are starting to complain that President Bush's plan to fight global warming is less business-friendly as advertised.

The White House and U.S. business leaders are scheduled to stage a rally displaying support for Mr. Bush's plan on global warming. His plan would give companies a financial incentive to voluntarily reduce greenhouse-gas emissions—so named to trap heat in the earth's atmosphere—by trading credits in those

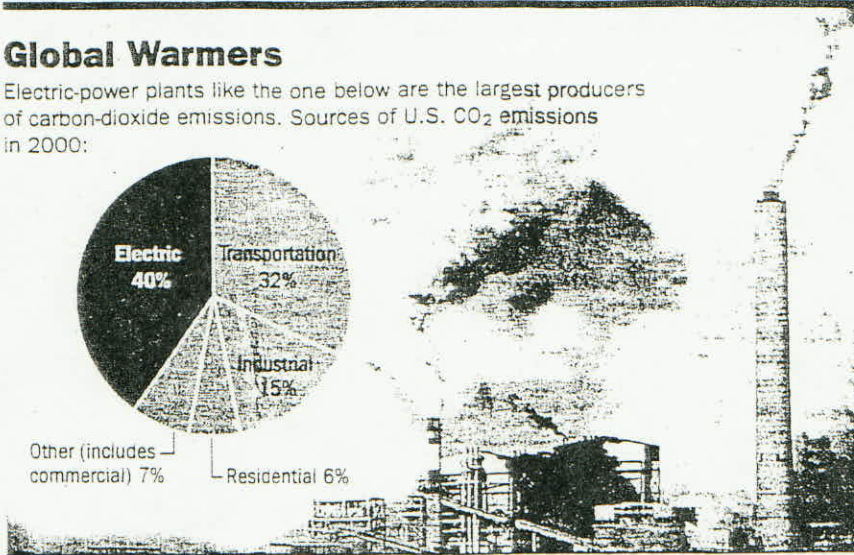
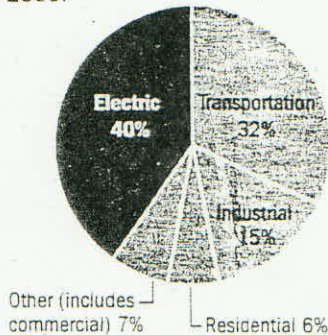
the White House bills its plan as a less costly alternative to the regulations being implemented in Europe. Behind the scenes, the White House is the target of grumbling from two sources within the business community. One frets that Mr. Bush's plan will eventually boost pressure for more stringent regulation. Another, including companies that already have investments in emissions-cutting technology, worries that competitors to be forced to do so will result in cracks in the emerging business support for Mr. Bush's plan, leading to as he fends off list critics.

It's like we have conflicting goals here," said Steven Willis of Whirlpool at a recent government workshop where Mr. Bush's plan. Backing more reductions than the administration called for, Mr. Willis asks, "Are we trying to protect the environment? Doesn't that really mean we have to make absolute cuts? I think we're going to have to make absolute cuts and do what needs to be done."

The argument is precisely what worries Mr. Smith Jr., president of the Competitive Enterprise Institute. He grouches that the administration's voluntary approach to embracing the goal of pushing companies to reduce emissions, will

## Global Warmers

Electric-power plants like the one below are the largest producers of carbon-dioxide emissions. Sources of U.S. CO<sub>2</sub> emissions in 2000:



Source: EIA, Emissions of Greenhouse Gases in the U.S. 2000

‘It seems like we have conflicting goals here,’ said a Whirlpool executive at a recent workshop that sought to get comments on the administration’s plan.

prove self-defeating by setting U.S. policy on a slippery slope toward costly mandates.

“You will be creating incentives for a regulation to do what you didn’t want to do in the first place,” says Mr. Smith, who opposes any regulation in this area.

Carbon dioxide and other suspected greenhouse gases are produced by the burning of fossil fuels such as oil and coal in virtually every type of factory. The Kyoto treaty that has been adopted by most industrialized nations imposes caps on their greenhouse-gas emissions. The United Kingdom has responded by creating the world’s first economywide market in trading the right to emit greenhouse gases. The government offers companies that reduce such output an 80% exemption from a tax the U.K. has imposed on carbon-based fuels.

Companies that figure out how to reduce their emissions at low cost can slash more than their share—and then make back some money by selling their extra credits to companies that haven’t come up with enough cuts on their own. As of Friday, a U.K. company that curbs its greenhouse-gas output by a ton

could sell the right to emit that ton for \$4.40. Trades typically involve thousands of tons.

But the U.S. lacks a comparable market because Mr. Bush has rejected the Kyoto treaty, saying the curbs it requires would impose devastating costs on U.S. businesses and consumers. Instead, the market-oriented Republican president is pushing a softer approach that urges U.S. businesses—without mandates—to contribute toward an 18% cut in the country’s “greenhouse-gas intensity.” The idea is to let U.S. emissions keep growing, though at a slower rate than the economy.

At tomorrow’s Washington presentation, leaders of big industry sectors are expected to stand alongside administration officials and pledge intensity reductions toward the president’s target. Meanwhile, the Department of Energy is working to create a domestic trading system by beefing up a voluntary “greenhouse-gas registry” created by the Clinton administration.

Most U.S. companies continue to back Mr. Bush’s approach. Yet others have leaped ahead to cut emissions—and now

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circ: 1,819,528

want their business rivals to have to fork over money to do the same. Anticipating that global climate change would become a headline environmental issue during the 1990s, companies such as DuPont Co. sought to get ahead of potential regulation by retrofitting their manufacturing facilities with millions of dollars of emissions-cutting technology. Now DuPont is praising the approach outlined in Senate legislation by Bush antagonist John McCain, an Arizona Republican, that would go beyond White House policy by imposing a mandatory cap.

With Republicans holding narrow control of both the House and Senate, advocates of a mandatory cap face an uphill fight winning approval from the current Congress. But some companies consider a mandate inevitable in the long run, notwithstanding Mr. Bush's opposition, and are moving now to prepare themselves.

That has produced the first faint outlines of a U.S. market in emissions trading. A few companies—mostly those seeking mutually beneficial ways of honoring their own voluntary public pledges to cut emissions—have started buying or selling credits among themselves, often at little more than \$1 per ton.

And last month, Ford Motor Co. and several other big U.S. companies announced they are forming a voluntary market in greenhouse-gas trading called the Chicago Climate Exchange. Companies that join volunteer to cut their greenhouse-gas emissions by 4% over the next four years, though they get what exchange officials describe as limited credit for certain actions they took in the past. Those that miss their targets would face the potential embarrassment of disciplinary proceedings by their corporate peers.

Some participants view the exchange as a way to show business can be trusted to reduce greenhouse-gas emissions without the need for a government mandate. "The voluntary nature of it is a tremendous strength," says Ford Vice President Martin Zimmerman. "Leaping ahead to the regulatory approach is really putting the cart before the horse."


Others participants see a Washington cap as inevitable, and hope the exchange will show government the importance of pairing it with provisions that will make it easier for businesses to comply.

"I am banking on the expectation that when the U.S. Congress decides to impose mandatory controls on greenhouse gases, they will look back and recognize that some companies acted early," says Dale Heydlauff, a senior vice president at American Electric Power, the big Midwest coal-fired utility. "And they will give us credit for early action."

Mr. Heydlauff acknowledges that any voluntary system won't promote as much greenhouse-gas reduction as a government mandate would. "I'm not calling for a cap," he says. "But there are limits on how much we're going to spend on what is essentially a public-policy experiment. You just aren't going to spend tens of millions of dollars on a voluntary program if your competitors aren't doing likewise."

# Industries Pledge to Help in Climate Plan

20 minutes ago

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By H. JOSEF HEBERT, Associated Press Writer

WASHINGTON - A wide range of businesses, from automakers to paper mills, pledged Wednesday to improve efficiency and find other ways to help curtail the growth of climate-changing gases.

The pledges "are a first step in what we expect to be an ongoing engagement" with the private sector to address climate change, President Bush (news - web sites) said in a statement.

The administration acknowledged that the climate plan, unveiled by Bush last year, will not reduce the amount of carbon dioxide and other greenhouse gases going into the atmosphere. Relying on voluntary measures by industry, it will only curtail emission growth.

The Bush plan calls for the "carbon intensity" — the amount of greenhouse gases released as a percentage of economic growth — to be reduced by 18 percent by 2012, or about 1.5 percent a year. That's about the same rate of reduction in carbon intensity that has occurred over the past 12 years, according to a recent Energy Department analysis.

To help achieve the goal, industry representatives promised to accelerate programs aimed at curtailing the amount of greenhouse gases — predominantly carbon dioxide from burning fossil fuels — that will be released.

Environmentalists said there's no assurance any of the reductions will be made. In any case, they said, the amount of greenhouse gases going into the atmosphere will continue to increase. A recent analysis by the Energy Information Administration concluded that even if carbon intensity is cut by 1.5 percent a year, carbon emissions will still grow about 1.5 percent a year because of expected economic growth.

The EIA is the statistical arm of the Energy Department.

"That's exactly the same increase we had for the 10 years of the 1990s," said David Doniger, director of climate issues for the Natural Resources Defense Council. "It's nothing but business as usual."

The private industry commitments were unveiled at an event attended by Energy Secretary Spencer Abraham (news - web sites), Environmental Protection Agency (news - web sites) Administrator Christie Whitman, Agriculture Secretary Ann Veneman and other senior administration officials.

It's "a very real, very measurable, very important effort to meet the president's goal," said Whitman.

Abraham said it shows the private sector is determined to work together and "bring forward their best efforts, best ideas, technologies and industrial processes to reduce, avoid and sequester greenhouse gas



emissions."

The commitments were vague and couched in a variety of terms.

The electric power industry said it would cut the "carbon impact" of power plants by 3 to 5 percent. The mining industry said it is "committed to achieving" a 10 percent increase in efficiency. The lumber and paper industry said it would reduce its carbon intensity by 12 percent by using more recycled products and planting more trees to absorb carbon.

The automakers promised to reduce greenhouse gas emissions from manufacturing plants by 10 percent "based on U.S. vehicle production from a 2002 baseline." They said they would improve ventilation and use more natural gas at plants, but made no mention of improving auto fuel economy.

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# Emissions Reduction Plan Touted

*U.S., Industry Allies Hail Program; Environmentalists Critical*

By EDWARD WALSH  
Washington Post Staff Writer

A7

The Bush administration and its corporate allies staged a celebration yesterday to mark what they called a significant commitment to reaching the goals of a voluntary program to reduce greenhouse gas emissions, which many scientists believe to be the main cause of global warming.

The event in the Energy Department's cafeteria was designed to showcase and defend the administration's voluntary approach to pollution-control programs. It brought together senior administration officials such as Energy Secretary Spencer Abraham, Agriculture Secretary Ann M. Veneman and Environmental Protection Agency Administrator Christine Todd Whitman with representatives of several industrial groups that have pledged to reduce their emissions of greenhouse gases between now and 2012.

"There is a perception by many that if environmental programs are not mandatory they're not real," Whitman said. "I'm here to tell you that these programs are very real and they're getting real results."

But officials of environmental groups scoffed at that assertion and said the administration's own projections showed that U.S. greenhouse gas emissions will continue to grow



BY SARAH L. VOISIN — THE WASHINGTON POST

**EPA Administrator Christine Todd Whitman, center, was among officials attending the celebration.**

over the next 10 years even if the goal is reached. The voluntary program highlighted yesterday "is a total charade and is designed solely to provide the administration and the biggest polluting industries with political cover," said Philip E. Clapp, president of the Environmental Trust.

President Bush announced the voluntary initiative last year and set a goal of reducing the country's "greenhouse gas intensity"—the ratio of emissions to economic output—by 18 percent over the next decade. The administration strongly

prefers such a voluntary approach instead of the mandatory caps on emissions included in the Kyoto Protocol, which has been adopted by most industrialized nations but has been rejected by the Bush administration.

Much of the dispute between the administration and environmental groups centers on how to measure progress in combating global warming. The administration's announced goal is to reduce greenhouse gas emissions relative to the size of the economy as tracked by the "greenhouse gas intensity" scale.

But environmental groups say the goal should be to reduce total emissions into the atmosphere, regardless of the economy's size. With the economy projected to grow over the next decade, they maintain that the 18 percent reduction in greenhouse gas intensity that Bush seeks translates into about a 19 percent increase in actual emissions.

"It should be measured in actual tons of pollution," said David Doniger, policy director of the Climate Center at the Natural Resources Defense Council. "The economy gets bigger and bigger but the atmosphere can't expand. Talking about it in terms of rates and the size of the economy is just sleight of hand."

Doniger, Clapp and other administration critics said only a program of mandatory caps on emissions will reduce global warming.



circ: 1,151,047

# Voluntary Pacts to Curb Greenhouse Gases

By JENNIFER 8. LEE *A22*

WASHINGTON, Feb. 12 — Administration officials announced several modest agreements with a number of industries today for voluntary controls on emissions of gases linked to global warming. The agreements, a result of aggressive meetings with industry executives, are an effort to stave off pending state and federal proposals for mandatory ceilings.

Environmental groups and Democrats have seized upon the limited curbs as evidence that voluntary policies will not produce substantive results.

The industry commitments ended up being less substantive than the White House first sought, which is a reason the announcement, originally scheduled for the White House last week, ended up taking place in the Department of Energy's cafeteria with cabinet members, conservation groups and industry representatives said.

Some industries have promised to curb their output of heat-trapping gases, which include carbon dioxide, sulfur hexafluoride and perfluorocarbon. Among the 12 major industrial sectors that joined in the announcement are electrical utilities, petroleum, mining, steel, semiconductors and automobiles.

Critics note, however, that many of the announced emissions targets are pegged to "intensity," which is defined as the amount of such gases per unit of economic production, rather than the absolute volume emissions. Most emissions regulations are pegged to net output. In the case of the Kyoto Protocol, the international pact on global warming, they are



Getty Images

Christie Whitman, the E.P.A. administrator, sees no quick fixes.

pegged to actual reductions compared with 1990 levels.

"It's an accounting trick in our view," said Dan Lashof, the science director at the Natural Resources Defense Council, an environmental advocacy group. "Any pollution pegged to economic activity is unprecedented and unwarranted."

Opponents of regulation were also critical, but for another reason. They see the voluntary policies as precursors for mandatory ceilings.

"It's incoherent," said Myron Ebell, a climate expert at the Competitive Enterprise Institute, which is an advocate for free markets. "It's like saying, 'We're opposed to capi-

tal punishment, but don't worry about the gallows we have built in the front yard.'"

Utilities, which account for about 40 percent of United States emissions of heat-trapping gases, pledged to reduce their intensity by 3 percent to 5 percent. The chemical industry agreed to reduce intensity of the gases by 18 percent in 2012, as compared with 1990 levels. The automobile industry pledged reductions in the intensity of its manufacturing emission rates but not the vehicle emission rates by at least 10 percent by 2012 compared with 2002.

Last year, President Bush announced that he wanted to reduce the amount of such gases per unit of gross domestic product by 18 percent. Critics say using the overall economy as a measure of gas emissions is deceptive because the parts of the economy that are growing tend to be service sectors, where emissions are less of a problem.

Administration officials concede that the overall amount of greenhouse gas emissions is not likely to fall within the next decade.

"It's not going to get smaller immediately," said Christie Whitman, the administrator of the Environmental Protection Agency.

But Ms. Whitman said industries would get the capital to invest in more environment-friendly technologies. "As they develop the technology, they will in fact see an actual reduction," she said.

The agreements are part of the White House's broader campaign to highlight President Bush's environmental initiatives, an area where polls show him politically vulnerable.



## Industries Pledge Cooperation To Cut Greenhouse-Gas Output

By JOHN J. FIALKA **A2**

WASHINGTON—The Bush administration, teaming with major U.S. industries, says it has a verifiable, voluntary plan to reduce the intensity of the nation's emissions of greenhouse gases by 18% in the next decade.

Energy Secretary Spencer Abraham, who headed a multiagency federal task force that solicited voluntary cuts in emissions from industry, promised that the reductions will be "in addition" to a continuing reduction as companies employ newer technology that trims energy use and emissions.

The administration's claim was challenged by a chorus of environmental groups, including the World Resources Institute, which calculated that during the 1990s the intensity of greenhouse gases—that is the amount of carbon dioxide and other emissions measured against economic output—dropped by 16.9%. Measured against an expected increase in gross domestic product, the group asserted, President Bush's goal "implies a 14% increase" in emissions of the gases, which are thought to be accelerating global warming.

Nonetheless, administration officials called the program an "important first step" in restricting emissions by the U.S., which produces more than any other country. The program has encouraged many corporate executives to sit down, some for the first time, and work through the process of finding future emissions reductions.

"I'm here to tell you that these voluntary programs are very real," Christine Whitman, the head of the Environmental

Protection Agency, told a crowd of more than 100 cheering business executives assembled for the announcement. Costs to the industries planning emissions reductions beyond their normal business practices, however, weren't discussed.

The pledges to cut emissions were led by the electric-power industry, which produces 40% of the nation's carbon dioxide emissions. The Edison Electric Institute and six other utility groups pledged to cut carbon dioxide by 3% to 5% during the next decade, measured against the amount currently emitted to produce a kilowatt hour of electricity.

Dwight H. Evans, an executive vice president of Atlanta-based Southern Co., said his company is calculating ways it can exceed the industry's goal, spurring the administration's hope that companies will begin vying to claim and achieve deeper cuts.

The American Petroleum Institute's members have pledged to increase the energy efficiency of U.S. refinery operations by 10% by 2012, through reduced flaring of gas and other improvements. The Alliance of Automobile Manufacturers, whose members produce more than 90% of U.S. auto sales, pledged to cut emissions by "at least 10%" by 2012, by installing more efficient lighting and switching some facilities from coal and oil to cleaner natural gas. Taken together, the transportation sector creates 32% of U.S. industrial carbon dioxide emissions.

The Nuclear Energy Institute, which represents owners of nuclear-power plants, which don't emit greenhouse gases, pledged to increase its capacity to produce electric power by 10% by restarting shuttered plants and raising the output of others.

Other associations participating in the Bush plan include the National Mining Association, the Portland Cement Association, the American Iron and Steel Institute, the American Chemistry Council, the Aluminum Association, the Association of American Railroads and the American Forest and Paper Association.



# 13 Industries Set Emissions Targets as Part of Bush Initiative

Environmental groups and some global warming experts say the effort falls short.

By ELIZABETH SHOGREN  
Times Staff Writer

WASHINGTON — Electric utilities and 12 other industries that are major emitters of greenhouse gases responded Wednesday to President Bush's climate change initiative by making a commitment to limiting the increase of their emissions.

Energy Secretary Spencer Abraham said the declarations represent each industry's fair share in meeting the president's goal of an 18% decrease in the so-called greenhouse gas intensity by 2012.

"Our preliminary analysis of the commitments we have in hand indicate they will yield their sector's share of the president's 18% goal," Abraham said. These commitments serve as

an important measure of the effectiveness of the president's voluntary approach to tackling the problem of global warming.

"There is a perception by many that if environmental programs are not mandated they are not real," said Christie Whitman, administrator of the Environmental Protection Agency. "But I'm here to tell you that these voluntary programs are very real and are getting very real results."

Bush rejected mandatory requirements to address global warming, arguing that they would stifle economic growth. He reversed a campaign pledge to regulate emissions of carbon dioxide from power plants.

He also pulled the United States out of international negotiations to reduce greenhouse gases under the Kyoto Treaty, which produced commitments from most developed countries to reduce emissions.

The industries' announcements Wednesday were among the first tangible results of his voluntary strategy.

Environmental groups and some global warming experts criticized the industries' commitments as public relations stunts that offer no hope of curbing emissions of carbon dioxide and other greenhouse gases.

"The president's goal is just business as usual, and some of today's pledges fall short even of that," said Eileen Claussen, president of the Pew Center on Global Climate Change, which works with the private sector to reduce emissions.

The pledge that attracted the most attention was from the electric utilities industry, which is responsible for 40% of the nation's emissions of carbon dioxide, the most plentiful greenhouse gas emitted though human activity.

The Edison Electric Institute and six other power sector groups that together represent all U.S. electricity generation pledged to reduce their carbon intensity — the quantity of their emissions relative to the amount

of electricity sold — by 3% to 5% over this decade.

The Energy Information Agency's 2003 Annual Energy Outlook had projected that the industry would reduce its emissions relative to electricity sold by 7% over that time, without the president's program.

Even top Energy Department officials seemed to have misunderstood what the electric utilities had pledged.

Abraham said the industries' pledges were "intended to be in addition to what could have happened under the normal business course."

But the president of the Edison Electric Institute, Thomas Kuhn, said the commitment was for an "absolute" decrease of 3% to 5% in his industry's emissions per unit of energy sold over the decade.

"That would not be our understanding," said Energy Undersecretary Bob Cart. "The electric power sector needs to do more than 3% to 5% absolute over this time period."

Environmental activists said the mix-up suggested that the administration's approach had failed.

"The whole idea of this event was to try and show there was something serious going on, to back up the voluntary approach and show why mandatory controls weren't needed," said David Doniger, policy director of the climate center of the Natural Resources Defense Council, a national environmental group. "Instead it's turning into further proof that voluntary improvements don't work."

The bottom line, environmentalists said, is that Bush's policy envisions a 13% increase in greenhouse gas emissions by 2012, which the administration does not dispute.

"You can't protect the environment by increasing pollution," said Jeremy Symons, who manages the National Wildlife Federation's climate change programs.

Bill Fang, Edison Electric Institute's climate issue director,

said the voluntary program reflects the opinion that immediate, drastic steps are not necessary. If the growth of emissions is slowed over the next decade, technological advancements will emerge that will make it easier to cut emissions later, he said.

"If you think you have some time, and we believe we have some time, then this kind of program makes sense," Fang said. "This is a program to help buy time."

Industry groups said living up to their pledges would not be easy.

The power sector said it would have to increase nuclear and renewable sources of energy, improve technologies for burning coal and plant trees to help offset increasing emissions.

The American Forest and Paper Assn. said its members, who produce paper and other wood products, would boost paper recycling to 50% as part of their pledge for a 12% reduction of greenhouse gas intensity by 2012.



# Manufacturers back plan to cut greenhouse gases

*12 industries promise change within decade*

By ALEX CANIZARES  
 BLOOMBERG

WASHINGTON — General Motors Corp., Dow Chemical Co. and hundreds of other companies agreed to curb industrial emissions under a voluntary White House plan to combat global warming.

Trade groups representing 12 U.S. industries including automakers, power producers, oil refiners and chemical manufacturers promised to slow during the next decade the projected growth in emissions of gases linked to global warming.

The administration's proposal aims to address concerns about global warming without imposing the mandatory caps on industrial air pollutants some lawmakers

favor. Legislation that would impose mandatory limits on power plants was introduced in the Senate on Wednesday by a bipartisan group of lawmakers.

Voluntary efforts "will create a far greater amount of leverage or pressure" than government mandates, Energy Secretary Spencer Abraham said at a briefing in Washington. "The credibility of these sectors is now on the line."

Bush's proposal would link targets for reducing greenhouse gases to economic growth. It calls for lowering the annual amount of emissions per million dollars of gross domestic product by 18 percent, from 183 metric tons last year to 151 metric tons in 2012.

The 17 trade groups that joined the initiative represent almost every U.S. industry, participants said.

Environmentalists said volun-

tary programs have done little to curb a 14-percent increase in U.S. greenhouse gas emissions since 1990.

Under Bush's plan, companies are allowed to decide how to reduce their emissions, either by changing their production processes, reducing demand for goods that require a lot of energy to produce, or offsetting their emissions by investing in environmental projects outside their facilities.

GM, Ford Motor Co., Toyota Motor Corp. and seven other carmakers plan to cut greenhouse gas emissions from auto plants at least 10 percent by 2012.

Legislation introduced in the Senate by Joe Lieberman, D-Conn.; Susan Collins, R-Maine, and Jim Jeffords, an independent from Vermont, would establish power plants' mandatory targets for sulfur dioxide, nitrogen oxide, mercury and carbon dioxide.



# US industry volunteers greenhouse gas pledges

By Demetri Sevastopulo  
in Washington

President George W. Bush yesterday unveiled details of his administration's climate change initiative, which secured pledges from US industry to tackle emissions of greenhouse gases.

"A year ago, I challenged American businesses to develop new, voluntary initiatives to reduce greenhouse gas emissions," said Mr Bush. "I am pleased to announce today that 12 major industrial sectors, and the membership of the Business Roundtable, have responded with ambitious commitments to reduce their greenhouse gas emissions in the coming decade."

But environmental groups criticised the plan, saying it would not reduce emissions of greenhouse gases, widely believed to be responsible for global warming.

"For more than a decade US companies have made voluntary greenhouse gas pollution reductions, but emissions are still climbing and will only decrease through mandatory government controls," said Joe Goffman, senior counsel at Environmental Defense, a campaigning group.

Mr Bush said last year US industry should help reduce greenhouse gas emissions' "intensity" - the ratio of emissions to economic output - by 18 per cent over the next decade. The president is encouraging US companies to make voluntary emission reductions to alleviate growing pressure to legislate mandatory reductions.

"The president's plan calls for a cut in intensity of global warming pollution by 18 per cent over the next 10 years," said Philip Clapp, president of the National Environmental Trust. "This

actually means an increase of about 19 per cent of carbon dioxide global pollution."

The Department of Energy, which will administer the president's plan, said the public-private partnership would "reduce the projected growth in US greenhouse gas emissions".

Participants include the electricity, mining and chemical industries. The electricity industry said it would be difficult to meet the president's goal but that it would strive to reduce carbon intensity by 3-5 per cent over the next decade.

"By encouraging voluntary, cost-effective solutions, it will curb emissions without undermining our energy supply or putting the brakes on economic growth," said Thomas Kuhn, president of the Edison Electric Institute, which represents the electricity industry.



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Thursday, February 13, 2003

ED Volume 31, Number 30

## Domenici Paints Bleak Picture For ANWR, SMD

BY GEORGE LOBSENZ

Painting a bleak outlook for two key initiatives, Senate Energy and Natural Resources Committee Chairman Pete Domenici said Wednesday he currently does not have the votes to open the Arctic National Wildlife Refuge to oil drilling and FERC Chairman Pat Wood appears to lack sufficient Senate support—including Domenici's—to sustain his controversial standard market design proposal.

Domenici (R-N.M.), speaking at a press breakfast sponsored by *The Energy Daily* and the U.S. Energy Association, also said he likely would oppose the Energy Department's new funding proposal for the Yucca Mountain nuclear waste repository because it effectively would take the program off-budget.

And he said he currently is inclined to support legislation approved by the House last year to increase automobile fuel economy slightly, although he believes a "more innovative" proposal may be possible.

In assessing prospects for comprehensive energy legislation, Domenici emphasized that he would be taking a deliberate approach by holding a series of hearings over the next two months on key issues—with electricity restructuring clearly being the most controversial.

"It is without question already causing the most concern—almost consternation, I might say—among the senators on both sides of the aisle, Republican and Democrat," he said.

Domenici said he wanted to have an electricity package in the bill, but he appeared less than bullish about the chances for success. "At this point, it [electricity] is the most contentious and

(Continued on page 4)

## Industry Groups Make Commitments To Meet Bush Greenhouse Goal

BY CHRIS HOLLY

In what Energy Secretary Spencer Abraham called "an impressive demonstration of the ability of the private sector to get things done," electric utilities and U.S. industry groups Wednesday unveiled public, and in some cases specific, commitments to boost their energy efficiency or otherwise slow the growth rate of their greenhouse gas emissions.

The commitments, made in a ceremony at DOE, constitute the business community's response to President Bush's year-old proposal to reduce U.S. carbon intensity—the ratio of greenhouse gas emissions to economic output—by 18 percent by 2012 through voluntary efforts.

Abraham and other administration officials welcomed the commitments, and said they were satisfied that each sector contributed its fair share of carbon-intensity cuts that would allow the president's goal to be met.

"We've looked at these enough to be confident that the commitments made...achieve each sector's share of the 18 percent in a way that we think is appropriate," Energy Under Secretary Robert Card told *The Energy Daily*.

(Continued on page 2)

## OPEC's Grip Slipped In 2002—Report

BY JEFF BEATTIE

HOUSTON—OPEC's dominance of world oil supply and production slipped last year as a handful of countries from outside the oil-producing cartel reported dramatically higher levels of proved oil reserves than in years past, according to a study released Wednesday.

That change was due almost entirely to Canada, which last year for the first time began to include massive reserves in the Alberta oil sands, apparently as the result of technological advances in extracting the fuel from sand, said the report by Cambridge Energy Associates (CERA), a Boston-based consulting firm.

The report, released at CERA's annual week-long energy confab here, said Russia and a handful of Latin America countries also reported higher reserves last year than previously, mostly as a result of more successful exploration, with better technology.

As a combined result, OPEC's share of the world's oil reserves fell dramatically, from 79 percent to 68 percent, according to *Global Oil Trends 2003*, a broad market review released annually by CERA.

OPEC's grip on worldwide crude production also slipped, as countries

(Continued on page 2)

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## Greenhouse Goal.... (From page one)

Critics of Bush's initiative, however, including congressional Democrats and their allies in the environmental community, panned the plan as "business as usual" that would do nothing to prevent U.S. greenhouse gas emissions from rising over the decade.

The president's program, called Climate VISION (Voluntary Innovative Sector Initiatives: Opportunities Now), brings together roughly 90 percent of the U.S. economy, including electricity generators, oil and gas producers, coal miners, cement manufacturers, iron and steel producers, semiconductor producers, chemical companies, aluminum manufacturers, paper and pulp producers, railroads and automakers.

In some cases, individual sectors made specific numerical commitments. For example, the Edison Electric Institute, as first reported in *The Energy Daily*, said its members would "work with their industry allies and DOE to reduce power sector carbon intensity by the equivalent of 3 to 5 percent in this decade."

The American Public Power Association, however, stopped short of making a numerical commitment, saying their members will work at the local level to determine individual municipal utility targets for reducing carbon intensity. The National Rural Electric Cooperative Association made a similar statement, pledging to cut emissions through generation, transmission and distribution efficiency improvements and other actions.

The American Petroleum Institute pledged a 10 percent improvement in the efficiency of its member oil refineries by 2012. It also introduced a new system for measuring and aggregating emissions across the oil and natural gas industries and "declared support for a broad range of research on climate change issues."

The Alliance of Automobile Manufacturers, a trade association of 10 motor vehicle manufacturers whose members account for 90 percent of U.S. vehicle sales, said its members "are committed to achieving at least a 10 percent reduction in greenhouse gas emissions from U.S. automotive manufacturing facilities, based on vehicle production."

But the automaker group made no new commitments to reduce the carbon intensity of the vehicles they produce. These vehicles produce far more emissions than do the plants that manufacture them.

In the most tepid commitment, the Business Roundtable, an association of 150 major companies that represent virtually all sectors of the economy, said its "ultimate goal is 100 percent participation by members of The Business Roundtable in voluntary greenhouse gas management programs."

Because of the way the pledges were phrased, and because different sectors used different baselines for measuring planned improvements, it is impossible currently to verify independently whether the commitments constitute a response sufficient to meet the president's goal.

Data from the Energy Information Agency's Annual Energy Outlook 2003 and the Environmental Protection Agency's U.S. Greenhouse Gas Inventory 2003 strongly suggest that the United States already is on track to improve its carbon intensity by 16 to 18 percent over the next 10 years. These data suggest that the federal government has concluded that businesses in highly competitive markets here and abroad by necessity will improve their efficiency substantially over the period to improve their bottom lines.

While acknowledging confusion produced by the different

baselines and the formulae used to convert energy efficiency gains into carbon intensity improvements, Card said the administration sticks by the carbon intensity projections in the EIA report, which predicts an improvement of 13.8 percent over the decade. That would leave the business community with the responsibility of improving carbon intensity in an amount equivalent to the emissions reductions that would be achieved by replacing 100 of the nation's dirtiest coal-fired power plants with nuclear plants, he said.

"...[W]hen we get done and get the calculus all sorted out, if it's not 18 percent, we're coming back to these guys," Card said. "Our choice was to really bring the industry to the party right now and get their feet cast in concrete or wait until [the numbers are] all tied up."

But critics lost little time in blasting the program as an insufficient response to the threat of global warming.

"The president's goal is just business as usual and some of today's pledges fall short even of that," said Eileen Claussen, president of the Pew Center on Global Climate Change. "This meek showing is just further proof that voluntary approaches won't meet this challenge. We need mandatory measures."

## OPEC.... (From page one)

outside the group posted their largest annual production hikes in nearly two decades, according to the report, while OPEC output fell.

Led by Russia, Canada, Brazil and Angola, non-OPEC countries reported their largest annual production increase since 1984, churning out 1 million barrels (mbo) of crude oil more per day than in 2001. That coincided with an OPEC move last January to prop up prices by cutting 1.5 mbo per day. OPEC kept that quota in place all year, reducing its overall 2002 production by more than 7 percent compared to the year before.

Overall, worldwide production fell slightly in the first annual drop since 1999, according to the report.

On the demand side, CERA President and Chief Executive Officer Joseph Stanislaw said recent trends were "stagnant."

"There has been—for all intent and purposes—no increase in demand, and we haven't seen that for quite some time," he said at a press conference Wednesday.

Worldwide demand for oil climbed an almost imperceptible 20,000 barrels per day in 2002 compared to the previous year, according to the report.

A faltering worldwide economy undercut consumption nearly across the globe; China, South Korea, and other Asian countries posted the bulk of the increases, according to the report. Some regional trends, such as a near-complete abandonment of gasoline engines in new cars in Europe—in favor of diesel vehicles—further dampened oil demand.

"Gasoline consumption in Europe is now at the same level it was not five years ago, but 20 years ago—that is amazing to me," said David Mowat, global managing director of Accenture's energy industry group, a co-sponsor of the study.

On the new oil reserve numbers, Canada's inclusion of the oil sands will mark a major change if it proves to be more than a bookkeeping move and the oil proves extractable. That single move added a staggering 175 billion barrels of oil (bbo) to Canada's proved reserve total, many multiples higher than the amount of proven reserves reported in 2001.

Russia, meanwhile, reported 11.5 bbo more last year than in 2001, an increase the report says that is "likely underreported."

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## Executive Briefing

Top Bush administration officials and industry executives announced an agreement yesterday between the **White House** and more than a dozen trade groups to cut greenhouse gas (GHG) emissions intensity during the next decade (p. 1).

The **National Mining Association** (NMA) joined the Bush administration and other business groups on Wednesday in volunteering a research-driven approach to reduce greenhouse gas emissions in the coming years (p. 2).

EPA is significantly ramping up its audits of SO<sub>2</sub> and NO<sub>x</sub> emissions reporting, ushering in new quarterly auditing requirements and more stringent techniques to catch faulty monitors and common reporting errors. EPA said more frequent and rigorous audits will initially lead to a greater number of "red flags" at more than 2,300 power plants regulated under the agency's Acid Rain Program (p. 3).

Sen. James Jeffords (I-VT) and several colleagues February 12 re-introduced their 2001 proposal to require steep cuts of CO<sub>2</sub>, SO<sub>2</sub>, NO<sub>x</sub> and mercury emissions from power plants. The lawmakers voiced confidence that the Senate will pass legislation imposing reductions of all four pollutants on electric utilities.

**Federal Register ... p. 2**

**In Brief ... p. 4**

**Allowances ... p. X**

## White House Unveils 'Climate Vision' To Cut Greenhouse Gases

Top Bush administration officials and industry executives announced an agreement yesterday between the **White House** and more than a dozen trade groups to cut greenhouse gas emissions intensity during the next decade.

Energy Secretary Spencer Abraham, EPA Administrator Christine Todd Whitman, Agriculture Secretary Ann Veneman and Deputy Transportation Secretary Michael Jackson described Climate Vision at a February 12 press conference.

The industry associations participating in the climate effort represent 90 pct of American industry, according to administration sources.

Climate Vision is the first phase in the federal government's plan for the "long-term stabilization of greenhouse gases [GHGs]," Abraham said.

Abraham said private sector efforts to improve their energy efficiency will save companies money and help the government cut GHG intensity 18 pct from 2002 levels by 2012, a goal President Bush announced a year ago. "I have no doubt we will succeed in meeting the president's 18-pct reduction goal," Abraham said.

Critics of voluntary reductions point out that GHG intensity, which is a measure of emission per barrel of oil or similar units of production, does not necessarily mean reduced emissions.

They say, for example, that while emissions intensity dropped 17 pct from 1990 to 2000, total GHG emissions grew by more than 10 pct.

Whitman said Climate Vision will result in "very real, very measurable" emissions reductions. Although she acknowledged that total GHG emissions could increase under Climate Vision, she said the United States will meet its GHG goals while other countries pursuing mandatory emissions cuts under the Kyoto Protocol will not.

Under Climate Vision, the industry groups agreed to the following reductions:

- **Edison Electric Institute** (EEI) and other electricity sector trade groups — 3-5 pct GHG cuts (equal to an 18 pct reduction in GHG intensity) by 2012
- **American Petroleum Institute** — increasing aggregate energy efficiency at refineries by 10 pct by 2012 through measures including reductions in methane venting and flaring
- **National Mining Association** — boosting energy efficiency 10 pct by 2012 through steps such as cutting methane emissions from coal mining

(continued on next page)

### AIR Daily Emission Allowance Prices

	Price	Bid	Offer	Change
SO <sub>2</sub> Daily Price	148.50	147.00	150.00	1.00
NO <sub>x</sub> Daily Price	5,500.00	5,450.00	5,600.00	200.00



operations (see related story)

**American Chemistry Council** — cutting GHG intensity 18 pct below 2000 levels by 2012

**American Automobile Alliance (AAI)** — reducing GHG intensity at manufacturing plants 10 pct below 2000 levels by 2012

**American Forest and Paper Association** — cutting GHG intensity 10 pct from 2000 levels by 2012

**Portland Cement Association** — cutting CO<sub>2</sub> emissions 10 pct per ton of cement produced from a 1990 baseline by 2020

**American Iron and Steel Institute** — increasing sector-wide energy efficiency 10 pct by 2012 from 1998 levels

**Semiconductor Industry Association** — cutting intensity of fluorocompound emissions 10 pct below 1995 levels by the end of 2010

**Magnesium Coalition** and

**International Magnesium Association** — eliminating sulfur hexafluoride emissions by 2010

• **Association of American Railroads** — reducing GHG intensity by 18 pct at the six major North American railroads by 2012

• **Aluminum Association** — cutting GHG intensity, which has already dropped 45 pct since 1990, further by 2005

AAM President Josephine Cooper and EEI President Tom Kuhn said the two groups would report their emission intensity reductions to the DOE GHG inventory created under Section 1605(b) of the Energy Policy Act.

Climate Vision was met with skepticism by the Pew Center on Climate Change. "The president's goal is just business as usual and some of today's pledges fall short even of that," said Eileen Claussen, the president of the Pew climate center. "This meek showing is just further proof that voluntary approaches won't meet this challenge. We need mandatory measures."

operations.

Coupled with research initiatives, the NMA also plans to push for tax incentives to move zero-emission coal power plants from an experimental concept to a reality.

While members will not be penalized for non-compliance, the NMA plans to hire Salt Lake City, Utah, — based NorWest Mine Services Ltd. to set up a database that measures the progress of emissions cuts and levels in the mining industry, said Connie Holmes, NMA's senior economist and director of international policy.

"It is hard to quantify where you are without a baseline," said Gerard Holmes. "We need to know where we are in order to know where to go."

The group also will publish periodic reports for public and industry consumption, beginning next year.

NMA hopes to get 100 percent participation from its board members, which represent 88 companies involved  
*(continued on next page)*

#### AIR Daily

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## NMA Volunteers GHG-Reducing Initiatives

The National Mining Association (NMA) joined the Bush administration and other business groups on Wednesday in volunteering a research-driven approach to reduce greenhouse gas emissions in the coming years.

Instead of supporting a command-and-control approach, the NMA's voluntary initiatives respond to the challenge issued by President Bush last February. Bush sought the business community's assistance in attaining an 18-pct cut in GHG emissions intensity by 2012. The intensity refers to GHG reductions measured per unit of production, such as tons of methane emitted per kilowatt-hour.

Jack Gerard, president and CEO of NMA, said the group's Mining Industry Climate Action spelled out five initiatives that build on the industry's existing technology, ongoing research into energy efficiency, and "creative" reclamation of mining sites to curb GHGs' intensity from mining

## Feb. 12 Federal Register

### Rules

Air quality implementation plans; approval and promulgation; various States: California, 03-03417 [FRL-7451-1]

Air quality planning purposes; designation of areas: Missouri and Illinois; correction, C3-01771 [7444-4]

### Proposed Rules

Air quality implementation plans; approval and promulgation; various States: California, 03-03416 [FRL-7450-8], 03-03418 [FRL7450-9]

### Notices

Meetings: Science Advisory Board, 03-03584 [FRL-7452-1] Reports and guidance documents; availability, etc.: Air pollution; standards of performance for new stationary sources and hazardous air pollutants, new stationary sources and national emission standards — Applicability determination index database system; applicability and monitoring; regulatory interpretations; clarification, 03-03585 [FRL-7451-9]



production and manufacturing plants of the mining industry. The voluntary cuts, if all members will range from planting trees on reclaimed surface mines to refining methane recovery methods in a cost-effective way.

In partnership with the Department of Energy (DOE), the company plans to raise efficiency levels in coal and mineral mining and upgrading equipment to 10 pct through research in new technologies. As a move, NMA officials say, will reduce energy usage and conversely, CO<sub>2</sub> emissions and intensity.

Through the use of existing technology, NMA hopes to achieve annual reductions of 600,000 metric tons of CO<sub>2</sub> and methane gases by 2010 and 2 million tons by 2015. The industry also plans to push forward the Agriculture Department consider planting trees, instead of islands, on reclaimed surface mines. As a move, Gerard said, will result in better carbon sequestration, a process that removes CO<sub>2</sub> from the atmosphere through storage in trees, soil or water.

CONSOL Energy, an NMA member and the fourth largest coal-producing company in the United States, has taken the lead in capturing methane from coal mines and coal beds before after mining. Last year, CONSOL captured 135 cubic million feet of methane from coal beds, making the company one of the nation's largest producers of natural gas.

"We are continuing to increase our efforts to capture methane," said Tom Hoffman, CONSOL's vice-president for investor and business relations.

Hoffman also is using a DOE grant to study a carbon sequestration process in which methane is removed from coal bed seams and replaced with water. The liberated methane is captured by the company and sold for profit.

Environmentalists remain skeptical about the Bush administration's plan and the industry's commitment to GHG emission reductions.

Gerard disagrees. "We believe we and President Bush loud and clear," Gerard said. "Clearly, he's provided leadership and dictated resources to

that end. Kyoto was not the way to go."

The environmentalists, however, contend Bush's 18 pct cut proposal will increase emissions rather than lower them.

"What we need at this point in time is to ensure emissions reduction in the [United States] right now," said Katherine Silverthorne. "Nothing in the approaches put forward by the administration, either in its intensity target or the voluntary approach, guarantees we will have emissions reduction."

NMA's Holmes disagrees. "Think about the emissions we would have if these efforts were not in place," Holmes said. "You have to grow the economy and maintain a standard of living. It makes sense to tie cuts to economic growth."

## EPA Bolsters Emissions Auditing Program

EPA is significantly ramping up its audits of SO<sub>2</sub> and NO<sub>x</sub> emissions reporting, ushering in new quarterly requirements and more stringent techniques to catch faulty monitors and common reporting errors.

EPA said more frequent and rigorous audits will initially lead to a greater number of "red flags" at more than 2,300 power plants regulated under the agency's Acid Rain Program.

"We think it's going to make everybody a lot more attentive to quality assurance tests," said Ben Smith, chief of EPA's emission monitoring program.

On January 24, EPA completed its first round of audits of last year's SO<sub>2</sub> reporting and delivered nearly 130 notices to power plants that warned of improper emissions monitoring and reporting.

In most cases, EPA officials said the problems stemmed from simple reporting errors that can be corrected with the surrender of a few hundred additional SO<sub>2</sub> allowances.

In other cases, however, EPA sources said they caught major monitoring errors that did not register several thousand tons of SO<sub>2</sub> emissions.

EPA sources did not offer details on who received audit notifications, and they said they will not know until April how many additional emissions were found in the auditing.

If problems are corrected and adequate allowances surrendered, however, EPA does not impose a fine for misreporting.

Beginning in May 2003, EPA will begin conducting quarterly audits of SO<sub>2</sub> and NO<sub>x</sub> emissions reporting, which power companies already report on a quarterly schedule.

Smith said annual audits, which are typically conducted in January, had long been a burden to power facilities. They allowed monitoring problems to persist for several months before surfacing in EPA reviews, leaving companies scrambling for allowances to cover unexpected emissions.

In addition, the annual audits unearthed reporting mistakes at the beginning of the year, giving power companies only one month to reassess annual emissions before early March when allowances had to be surrendered to EPA.

Smith said because EPA assumes the highest emissions volume during gaps in data accuracy or availability, "a rather severe penalty," the quarterly audits should eventually reduce the purchase of unnecessary allowances.

EPA has also adopted new software to conduct its audits, using for the first time this year the Monitoring Data Checker (MDC) Hourly. In recently released fact sheets on the MDC Hourly, EPA calls the program "a significant development in data quality verification."

The MDC Hourly will enable EPA to double-check quality assurance tests, daily monitoring calibrations and a host of other features not previously investigated.

Moreover, there is more revamping in store for EPA's emissions auditing office. Smith said the agency is also working on another auditing tool that, in simple terms, will allow EPA to spot reporting irregularities by using predictive emissions benchmarks.

Smith said EPA's heightened auditing work has been prompted largely by the introduction of nearly



10 new power plants reporting  
 er Phase II of the Acid Rain  
 am, "which did away with the  
 ability of handchecking" annual  
 sions.

He also said new auditing  
 sures keep power companies on  
 toes. "The minute you stagnate .  
 the game shifts for everyone who  
 and look to shave emissions" from

their monitoring reports to EPA.

### In Brief

Energy Secretary Spencer Abraham has appointed Dave Conover to head the agency's **Climate Change Technology Program (CCTP)**, which is responsible for coordinating global warming

research and technology development among 13 federal agencies.

Previously, Conover served as the Republican staff director and chief counsel to the Senate Environment & Public Works committee, overseeing legislative goals in a number of areas, including Everglades restoration, MTBE remediation, chemical site security.

### WEDNESDAY'S SO<sub>2</sub> MARKET

Date	Transferor	Transferee	Volume	Vintage
2/12/03	Orion Power	Orion Power	7	2002
2/12/03	Northern Indiana Pub Serv Co	Air Products & Chemicals	316	1996
2/12/03	Northern Indiana Pub Serv Co	Air Products & Chemicals	193	1998
2/12/03	Northern Indiana Pub Serv Co	Air Products & Chemicals	340	2001
2/12/03	Tennessee Valley Authority	Tennessee Valley Authority	3	1997
2/12/03	Tennessee Valley Authority	Tennessee Valley Authority	24735	1998
2/12/03	Tennessee Valley Authority	Tennessee Valley Authority	20	1999
2/12/03	Tennessee Valley Authority	Tennessee Valley Authority	242	2000
2/12/03	Citizens Thermal Energy	Citizens Thermal Energy	294	2001
2/12/03	Tennessee Valley Authority	Tennessee Valley Authority	25000	1999
2/12/03	Tennessee Valley Authority	Tennessee Valley Authority	2500	2002
2/12/03	Tennessee Valley Authority	Tennessee Valley Authority	700	2002
2/12/03	Tennessee Valley Authority	Tennessee Valley Authority	423	2002
2/12/03	Allegheny Energy Supply Co, LLC	Allegheny Energy Supply Co, LLC	4	1997
2/12/03	Allegheny Energy Supply Co, LLC	Allegheny Energy Supply Co, LLC	2	1999
2/12/03	Allegheny Energy Supply Co, LLC	Allegheny Energy Supply Co, LLC	2	1998
2/12/03	Allegheny Energy Supply Co, LLC	Allegheny Energy Supply Co, LLC	14	1999

### WEDNESDAY'S NO<sub>x</sub> MARKET

Date	Transferor	Transferee	Volume	Vintage
2/12/03	Conectiv Atlantic Generation	Conectiv Atlantic Generation	125	2002
2/12/03	Conectiv Atlantic Generation	Conectiv Atlantic Generation	125	2002
2/12/03	Reliant Energy Services, Inc.	Orion MidWest	500	2003



...told reporters on Tuesday that 1.7 million acres of the 17-million-acre forest "is subject to roadless (designation) and will not be subject to roadless as long as I'm referring to a rule adopted by the Clinton administration to bar development on millions of acres of currently roadless national forestland.

...also said that he had removed a "sneaky" House provision that would bar money in the bill from being spent to help prepare for oil and gas drilling in the Arctic National Wildlife Refuge, if such drilling were to be authorized.

...aid: The agreement would bar use of discretionary money to pay for drought aid to farmers. The administration has insisted that funding come from programs in last year's bill, rather than from across-the-board cuts in the omnibus bill.

...is were still being worked out on Wednesday, but one of the farm programs that could be is a new conservation security program to promote good stewardship of working

...program's author, Sen. Tom Harkin (D-Iowa), complained at the House-Senate conference that the omnibus bill would cut back the nationwide program to just one state: Iowa.

...appropriations Committee spokesman said the issue was still being "tweaked" on Wednesday. -- William Scally

*Green Skots Express, 2/13/03*

quality / global environment

ADMINISTRATION UNVEILS GREENHOUSE PLAN,  
NORTHEAST LAWMAKERS WANT MORE

Bush administration on Wednesday announced several agreements with industry to launch voluntary programs to reduce carbon dioxide (CO2) emissions, but a group of Northeast lawmakers want to see mandates and much deeper cuts.

For administration officials and business executives converged on the Department of Energy to publicize several voluntary agreements signed with almost two dozen major industry groups to reduce emissions of carbon dioxide.

The agreements will implement President Bush's voluntary climate change initiative announced on Feb. 14 of last year. The program will be administered by DOE.

On Capitol Hill, Sen. Jim Jeffords (I-Vt.) and 19 colleagues reintroduced multipollutant legislation that would require dramatic reductions in four power plant emissions, including carbon dioxide, within six years.

A crucial difference remains the treatment of CO2. Northeast senators contend that carbon dioxide reductions must be mandated as part of any clean air legislation. The administration insists on a voluntary approach, preferred by industry.

Jeffords' bill calls for much larger reductions in CO2 emissions than the voluntary industry agreements announced yesterday by the administration.

Jeffords' bill, the Clean Power Act, would reduce power plant emissions of sulfur dioxide 40 percent from 2000 levels, to a 2.25 million-ton cap. Nitrogen oxides would be reduced by 71 percent from 2000 levels, to 1.51 million tons. Carbon dioxide would be reduced at 21 percent below 2000 levels, or 2.05 billion tons. Mercury tonnage would be reduced to 90 percent below 1999 levels, or five tons. The reductions must occur within 10 years, or by 2009.

Jeffords would set up a cap-and-trade program based on the successful acid rain program and add new trading features. Older power plants that were previously exempted from new air standards would have to comply with the best available pollution control technology by the plant's 40th birthday, or 2014, whichever was later.

A similar Jeffords bill (S 556) cleared the Senate Environment and Public Works Committee in the 107th Congress on June 27 on a party-line vote. Senate Republicans threatened to



uster the bill, and it never reached the floor.

James Inhofe (R-Okla.), Senate Environment chairman for the 108th Congress, said earlier this week that he would do everything he could to keep carbon dioxide language out of clean air legislation, calling it "a deal-breaker."

President Bush's Clear Skies initiative, unveiled last year, would require reductions of power plant emissions of sulfur dioxide, nitrogen oxides and mercury by 70 percent from 2000 levels by 2018. Carbon dioxide was left out of the president's three-pollutant package. The 107th Congress did not act on the plan.

The administration proposed a second initiative last year on climate change, calling for a voluntary reduction in CO2 using an "emissions intensity" measure that is linked to the rate of economic growth.

The Bush plan would allow carbon dioxide emissions to continue growing, but at a slower rate than the economy. Bush's plan calls for reducing the greenhouse gas intensity of the economy by 18 percent by 2012.

He is expected to introduce the administration's Clear Skies three-pollutant bill by next week, with hearings to begin in the clean air subcommittee, chaired by George Voinovich (R-Ohio).

Jeffords said power plants are still the nation's largest single source of air pollution, including greenhouse gases. They contribute 60 percent of sulfur dioxide, 25 percent of nitrogen oxides, 40 percent of carbon dioxide and about 45 tons of mercury per year nationwide, Jeffords said.

Jeffords said the Hubbard Brook Research Foundation concluded that sulfur dioxide emissions must be reduced from current levels to begin biological recovery in the Northeastern states. "That means bringing emissions way down now, not prolonging the damage for healthy trees and lakes," Jeffords said.

Co-sponsors of Jeffords' bill, primarily representing New England and other Northeastern states, include 17 Democrats and two Republicans, Sens. Susan Collins and Olympia Snowe of Maine. The lawmakers said power plant pollutants, largely from Midwest coal-fired plants, are still causing serious environmental damage.

Joe Lieberman (D-Conn.) said Bush's plan to rely on voluntary compliance for cutting carbon dioxide emissions would be ineffective in combating global warming.

Lieberman said that even though the United States signed the Rio treaty in 1992 with the goal of voluntarily reducing CO2 emissions to 1990 levels by 2000, U.S. greenhouse gas emissions increased by 14 percent.

In his home state of Connecticut, people are plagued by the smog caused by nitrogen oxide emissions, forests have been devastated by acid rain caused by sulfur dioxide emissions, and there is no fishing hole where there isn't a warning about mercury levels in the water," Lieberman said.

Lieberman has introduced a cap-and-trade global warming bill (S 139) with Sen. John McCain (Ariz.) to reduce CO2 emissions. Sen. Minority Leader Tom Daschle (D-S.D.) also introduced in January a climate change bill (S 17) on behalf of Senate Democrats.

Environmental response: The Sierra Club said the administration's plan simply continues to increase pollution that contributes to global warming.

Environmental groups oppose the administration's emissions-intensity proposal.

The irresponsible policy simply provides cover for polluters to spew more heat-trapping pollution into the air," said Carl Pope, Sierra Club executive director.

National Environmental Trust President Philip Clapp said the voluntary agreements on global warming "will do nothing more than provide the Bush administration and the most polluting industries with political cover in the fight to stop Congress from acting on



al warming. It's not hard to get industries to sign up to increase their emissions for her decade, which is what the president's plan does."

o said the president's plan would result in an increase of about 19 percent of carbon dioxide global warming pollution. According to the EPA, following "business as usual" would increase our pollution by about the same amount, Clapp said.

stry response: The Edison Electric Institute, representing the nation's investor-owned electric utilities, said yesterday that it had launched a new initiative, Power Partners, in support of the president's voluntary climate change initiative. The program is designed to reduce carbon dioxide intensity in the power sector by the equivalent of 3 percent to 5 percent in this decade.

President Thomas Kuhn called the goal "ambitious, but achievable. Some companies individually may be able to exceed this goal, and, as an industry, we may be able to achieve a higher goal in the future."

president's climate initiative is a critical first step towards reversing the growth of U.S. greenhouse gas emissions," Kuhn said.

voluntary approach will encourage cost-effective solutions to curb emissions "without undermining our energy supply or putting the brakes on economic growth," Kuhn said.

Business Roundtable, representing chief executives of leading U.S. companies, pledged to participate in the administration's call for voluntary CO2 reductions with a program called Climate RESOLVE.

ultimate goal is 100 percent participation by (Business Roundtable) members in voluntary actions to reduce, avoid, offset or sequester greenhouse gas emissions," said Draper, chief executive of American Electric Power in Ohio.

National Mining Association said it will launch a voluntary program focusing on CO2 and methane emissions. By maximizing new technologies, the mining industry can ensure the potential 600,000 metric tons per year in reduction of carbon equivalent occurs by 2010, the association said. -- Lynn Garner

r quality

#### PLAN TO REVISE WATER QUALITY RULE RAISES CONCERNS AMONG DEMOCRATS

te Democrats have expressed concern with a little-noticed plan by the Environmental Protection Agency to withdraw Clinton-era revisions to a Clean Water Act program and replace it with new regulations.

EPA program in question is known as the total maximum daily load (TMDL) program, which sets limits on the amount of pollutants that a lake, river or stream can receive and still meet water quality standards.

senators sent a letter Wednesday to EPA Administrator Christie Whitman saying the information they had received so far suggested that EPA's new proposal "could slow needed progress by additional decades."

has not yet formally announced what changes it intends to make to the TMDL program. She had no comment Wednesday on the letter.

lawmakers said they would oppose the changes if they included relaxing state schedules for setting TMDL levels, reducing EPA's oversight role, allowing states to reclassify polluted waters as clean, and adopting other "weakening changes" to the current program.

senators also expressed doubts about a possible water quality trading policy as part of new rules. Such a mechanism should actually reduce pollution, "not just move it around," the letter states.

strongly urge you not to propose any regulatory or other changes that would cripple



Vernet, Jean  
Thursday, February 13, 2003 12:15 PM  
Anderson, Margot; Dobriansky, Larisa  
Bradley, Richard; Staub, John; Karpoff, Peter; Cobb, Al  
Subject: fyi - today's Greenwire story on Climate VISION

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### Top administration, business officials tout GHG plan

Allison Freeman, Greenwire staff writer

Top business representatives and several of the administration's highest-ranking environmental officials pledged Wednesday to curb greenhouse gases (GHGs) through a voluntary emissions reduction plan, while support for legislation with mandatory caps has reportedly increased in the Senate.

In what Secretary of Energy Spencer Abraham said was an "unprecedented" success in public-private partnerships, industry groups have signed on to improve efficiency in the administration's new Climate VISION plan, or Climate, Voluntary Innovative Sector Initiatives: Opportunities Now. Business officials joined Abraham, U.S. EPA Administrator Christie Whitman, Agriculture Secretary Ann Veneman, Council on Environmental Quality Chairman James Connaughton and other senior administration officials at the event.

The initiative is part of the climate change plan President Bush set forth one year ago when he asked companies to reduce GHG intensity -- the ratio of emissions by economic output -- by 18 percent in the next decade. Officials said Wednesday's announcement was the beginning of what will be a continuing dialogue between government agencies and the industry.

"It's a tremendous start to achieving goals for the global environment," Connaughton said.

DOE figures indicate the program is on track to meet the overall 18 percent goal, Abraham said. "Together, the participants in Climate VISION will bring forward their best efforts, best ideas, technologies and industrial processes to reduce, avoid and sequester greenhouse gas emissions."

The Business Roundtable, a diverse group of 150 CEOs from the United States and abroad, said it would call on all of its member companies to cut their GHG emissions, but did not call for any specific emissions targets. The American Chemistry Council, which represents 90 percent of the chemical industry, pledged to meet the 18 percent reduction goal. American Petroleum Institute and National Mining Association each pledged to increase efficiency by 10 percent in the next nine years.

The American Forestry and Paper Association committed to reduce its GHG intensity by 12 percent and add 114 million acres to the Sustainable Forestry Initiative. The Alliance of Automobile Manufacturers, a group of 10 major U.S. and international automakers who account for 90 percent of U.S. vehicle sales, pledged to cut GHG emissions at its manufacturing plants 10 percent below current levels by 2012. More than 10 other industry coalitions made similar GHG reduction vows.

Whitman said that though opponents may say, "'If it's not mandated, it's not real.' These voluntary projects are very real and getting very real results."

But Democrats and environmental groups argue that the proclamations of reductions are just smoke and mirrors. They say industry is not reducing any more than it would have already and the plan's focus on "intensity" allows overall GHG pollution levels to rise. Since the intensity measurement links emissions to gross domestic product, it lets GHG emissions continue to increase, as long as they grow at a slower rate than the economy.

"Under the administration's plan greenhouse gas pollution goes up, not down," said Joe Goffman, Environmental Defense lead attorney.



Abraham defended the GHG intensity measurements. "Look, the program allows for improvement in carbon intensity without undermining the economy," he said. "You can improve emissions by ruining the economy. Some people may favor that. We don't."

Abraham said ultimately business will achieve improvements from technological breakthroughs and fuel cells as important "if we really want to accomplish these goals."

But Sen. Joseph Lieberman (D-Conn.), who has sponsored a "cap and trade" global warming bill with Sen. John McCain (R-Ariz.), said the only way to reduce GHG is through mandatory limits.

Commenting on the Climate VISION plan, Lieberman said, "Though they may make for good P.R., voluntary programs like this just don't produce results." Lieberman cited the country's 1992 Rio summit agreement to a "voluntary" goal of reducing emissions to 1990 levels by the year 2000, and said GHG emissions instead increased by 14 percent between 1990 and 2000. "We cannot afford to fall again for the false promise of promises alone," Lieberman said.

Lieberman and Sens. James Jeffords (I-Vt.) and Susan Collins (R-Maine) introduced legislation Wednesday to limit emissions of sulfur dioxide, nitrogen oxides, mercury and carbon dioxide. The legislation, which met the approval of environmental groups, is identical to the bill Jeffords pushed in the last Congress. That bill made it out of committee last summer along nearly partisan lines but did not reach the Senate floor.

But the scenario could be different this year. Senate Environment and Public Works Committee Chairman James Inhofe (R-Okla.) said Tuesday that his opponents may have the votes this year to gain floor passage of the first-ever carbon dioxide (CO2) restrictions on power plant emissions. "It might be a four-pollutant bill if it comes out of the Senate," Inhofe said, before adding that the inclusion of CO2 restrictions would likely face House GOP scrutiny and a White House veto threat as it moved through conference (Greenwire, Feb. 12).

Despite the fundamental difference of such mandatory legislation to the voluntary initiatives industry officials lauded Wednesday, some free market groups think that direction is exactly where the voluntary plan is headed.

Myron Ebell, policy analyst at the Competitive Enterprise Institute, said the voluntary initiatives create an institutional framework for regulations. He said once companies reduce their emissions, they would want caps and opportunities to have values for which they can trade credits.

"It's part of a larger program to create a lobbying class of companies who want to be rewarded," Ebell said.

Industry and administration officials made no mention Wednesday of the tax breaks and tradeable emissions credits Bush proposed as part of the plan last year.

Edison Electric Institute President Tom Kuhn said the motivating factor behind the voluntary efforts was, "A bunch of CEOs think this is the right thing to do." But he said there could be associated public policies and that the initiative "is and should be a true government and industry partnership."

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## Weak Response on Global Warming <sup>A30</sup>

In a transparent bit of salesmanship that should not be mistaken for a serious policy, the Bush administration announced Wednesday that it had persuaded several major industries to make voluntary reductions in the rate at which they produce carbon dioxide and other gases that contribute to global warming. It was the administration's latest effort to show that voluntary controls will make unnecessary the mandatory reductions called for by many scientists, environmentalists and members of Congress — as well as by the 1997 Kyoto Protocol that Mr. Bush rejected after taking office.

There are two main problems with the Bush policy. First, he is asking almost nothing in the way of real sacrifice. A serious approach would request net reductions in emissions. Mr. Bush asks only for a decrease in what he calls "carbon intensity," under which emissions can grow as long as they increase more slowly than the economy itself. That of course misses the point. The atmospheric buildup of carbon, already alarmingly high, is cumulative. Thus the name of the game is to start reducing

emissions, not merely to slow their rate of growth. Indeed, by Mr. Bush's own calculations, his program would translate into an actual increase in emissions of 14 percent over the next 10 years.

Second, voluntarism won't do the job. The only strategy that makes economic and environmental sense, as the successful acid rain program has shown, is one that sets mandatory national limits on emissions and asks everyone to do his part. For one thing, companies are unlikely to spend millions of dollars on pollution control equipment if their competitors aren't doing likewise. For another, emissions trading — which is seen as a way to reduce the overall costs — will not work properly without a nationwide cap.

For all these reasons, an increasing number of legislators, most recently Senators John McCain and Joseph Lieberman, are lining up behind the idea of mandatory reductions as the only effective answer to warming. They would like nothing better than to see Mr. Bush at the head of this parade, but so far he shows no inclination even to join it.