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To: John L. Howard Jr./CEQ/EOP, Andrew\_Lundquist@energy.senate.gov (Andrew Lundquist)

cc:

Subject: re: climate change legislation

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John (cc: Andrew) -- sorry for the delay on this -- we've been working on the budget this week and that's taken up a bit of my time. I've attached a section-by-section summary of a potential climate bill -- one that I think can give the Administration quite a lot of cover politically and buy some time for a Cabinet-level review of domestic and international positions.

Talking points are these:

demonstrates Administration's commitment to address climate change through risk management -- develop a coherent national strategy to invest in scientific research, energy technology, and innovation

fosters long-term energy technology research and development, and encourages innovative public-private partnerships needed to move technologies from lab bench to the marketplace -- fits the President's stated views on climate change

establishes new international technology transfer programs to assist developing countries in meeting their economic development goals

removes disincentives to voluntary greenhouse gas emissions reductions by providing regulatory certainty that companies who take action now to reduce their emissions of greenhouse gases will not be penalized in the future -- no matter what policy actions are taken

encourages stakeholders (environmental AND business community), not government bureaucrats to develop necessary reporting and verification procedures -- makes sure emissions reductions are real and quantifiable

serves as a focus point for all of the ongoing and future voluntary activities and commitments -- strengthens hand of U.S. negotiators in international Framework Convention on Climate Change by demonstrating significant domestic action to address climate change

is more than just CO2 -- would reward reductions of emissions of methane and nitrous oxide, as well as halocarbons with high global warming potential relative to CO2

would allow reductions to be made not just in the electric power sector but in agriculture, forestry, transportation, and end-use energy consumption (appliances, buildings, etc.)

is a viable alternative to the Kyoto Protocol -- uses free market, flexible

mechanisms to achieve emissions reductions at lowest cost, and includes developing countries -- satisfies Byrd-Hagel

We are looking at potential introduction of legislation not long after the April recess, and I'm waiting for the word "go" from various folks over here (Craig, Hagel, et al.) before possibly rounding up a number of companies who have already made commitments (EEL-member utilities, BP, Shell, Dupont) and getting them to pledge to use the new program right from the get-go. Murkowski, of course, likes the idea quite a bit, and we have some tentative support in concept from senior/moderate Democrats.

I'll be happy to talk more about this with you and anyone else you see fit -- feel free to pass it on to Bolton, Bridgeman, et al. or have them contact me directly. I don't think we can go too far without coordination and support on both sides -- but the potential rewards may be worth it.

All the best,  
Bryan Hannegan, Staff Scientist  
Senate Energy and Natural Resources Committee

P.S. I don't know if I told you when we talked, but my Ph.D. is actually in Earth System Science (a fancy name for climate change research), so I know a little more about this area of science than most. I was also the only Senate staffer at COP-6 for the full two weeks and was heavily engaged. So if I can help out in any technical role on as you consider climate change -- please let me know.

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Reply Separator

Subject: thanks  
Author: John\_L\_Howard\_Jr@ceq.eop.gov  
Date: 4/3/01 1:47 PM

please send me what you've got -- I appreciate any thoughts you may have -- and I'm glad you were able to share these with Mary -- what a trip you must have had

take care



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**PROPOSED SECTION-BY-SECTION ANALYSIS  
BIPARTISAN CLIMATE CHANGE LEGISLATION**

**Section 1 – Short Title.** This Act may be cited as the “National Climate Change Risk Management Act of 2001”.

**Section 2 – Purpose.** Establishes that the purpose of this legislation is to develop a national strategy to responsibly manage the risks posed by global and regional climate change, and to authorize energy technology and scientific research programs to carry it out. Reaffirms the U.S. commitment to meeting the goals of the UN Framework Convention on Climate Change, namely, “stabilization of greenhouse gas concentrations in the atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system”.

**Section 3 – Presidential Commission.** Establishes an 11-member Presidential Commission on Climate Change to develop a national strategy to manage the risks posed by potential climate change. The Director of the Office of Science and Technology would serve as Chair of this Commission, and the remaining members would be nominated by the President (3), House of Representatives (4), or Senate (4), with all nominees subject to Senate confirmation. Sets forth terms of service and authorizes funding to carry out necessary activities.

**Section 4 – National Climate Change Strategy.** Requires the Presidential Commission outlined in Section 3 to report to Congress and the President within 18 months after date of enactment on recommendations for legislative or administrative actions that would comprise a suitable national climate change strategy. Such a strategy could include actions to (1) develop breakthrough energy technologies that use the full diversity of energy resources; (2) accelerate the diffusion of new energy technologies into domestic and international energy markets; (3) expand existing scientific research programs to reduce uncertainty in measurement and forecasting of global and regional climate change and its impacts; and (4) investigate to what extent social and political institutions and technological systems can adapt to climate impacts.

**Section 5 – Office of Global Climate Change.** Amends Section 1603 of the Energy Policy Act of 1992 to replace provisions establishing a Director of Climate Protection with those establishing an Office of Global Climate Change within the Department of Energy. Requires the Office to serve as a focal point for coordinating for the Secretary of Energy and Congress, all departmental issues and policies regarding climate change and related matters, and to be headed by a Director, appointed by the Secretary.

**Section 6 – Voluntary Greenhouse Gas Emissions Reduction Incentive Program.** Requires the Secretary of Energy, through the Administrator of the Energy Information Administration, to conduct and submit to specified congressional committees a review of what changes should be made to existing guidelines (Section 1605(b) of the Energy Policy Act of 1992) for accuracy and reliability of voluntarily reported information on greenhouse gas reductions, to avoid penalizing

entities or persons who report voluntary greenhouse gas reductions prior to the design and implementation of any possible future emissions control program (“baseline protection”), and to provide for registration of voluntary transactions of such reported greenhouse gas emissions reductions between reporting parties. Provides for incorporation into existing guidelines any changes found to be beneficial and cost effective in improving the accuracy and reliability of reported information and its uses.

**Section 7 – Climate Technology Research, Development, and Demonstration Program.**

Requires the Secretary of Energy to establish a long-term Climate Technology Research, Development, and Demonstration Program to foster development of new technologies and the enhancement of existing technologies that (1) reduce or avoid anthropogenic emissions of greenhouse gases; (2) remove and sequester greenhouse gases from emissions streams; and (3) remove and sequester greenhouse gases from the atmosphere. Requires submission of a ten-year plan to Congress with explicit technology and greenhouse gas emissions reduction goals intended to guide selection of activities funded through the Program. Directs the Secretary to solicit proposals for conducting such activities, and describes proposal requirements and criteria for proposal selection. Requires the Secretary of Energy to report annually to Congress which evaluates the quantitative progress of funded proposals toward program objectives and technology and greenhouse gas emissions reduction goals. Authorizes \$200 million in annual appropriations for fiscal years 2002 through 2011, available until expended.

**Section 8 – Comprehensive Plan and Implementing Program for Energy Research, Development and Demonstration.** Amends the Federal Nonnuclear Energy Research and Development Act of 1974 to require a specified energy research, development, and demonstration plan to include solutions to the effective management of greenhouse gas emissions in the long term by the development of technologies and practices designed to reduce or avoid anthropogenic emissions of greenhouse gases or remove and sequester greenhouse gases from emissions streams and the atmosphere. Includes within program elements and activities research, development, and demonstration designed to pursue a long-term climate technology strategy to demonstrate a variety of technologies to reduce, avoid, or sequester greenhouse gas emissions.

**Section 9 – Review of Federally Funded Energy Technology Research and Development.**

Requires the Secretary of Energy to conduct an annual review any federally funded energy technology research and development activities. The review will assess the status of the energy technology, including lead-time required until deployment, cost, safety, potential barriers to deployment, and other relevant factors. The review will also assess the available resource base for any energy resources utilized by each technology, and the potential for expanded sustainable use of the resource base. Requires the Secretary of Energy to establish an information clearinghouse to disseminate the results of federally funded energy technology research and development activities.

**Section 10 – Study of Regulatory Barriers to Rapid Deployment of Greenhouse Gas**

**Emission Reduction Technology.** Requires the Comptroller General, in consultation with the Secretary of Commerce and the U.S. Trade Representative, to identify and evaluate regulatory or

other barriers to rapid domestic or international deployment of technology to reduce greenhouse gas emissions. Requires the Comptroller General to recommend to Congress any necessary changes in law necessary to reduce such barriers.

**Section 11 – International Deployment of Energy Technology to Mitigate Climate Change.**

Authorizes a pilot program to provide financial assistance, subject to available appropriations, for qualifying international energy deployment projects. Sets forth criteria for selection, namely, that qualifying projects must be built, operated, and used outside the United States and must increase energy efficiency compared to the technology that would otherwise be implemented. Provides for selection of projects by the Secretary of Energy, after consultation with the Secretary of State, the Secretary of Commerce and the U.S. Trade Representative. Provides for financial assistance for qualifying projects in the form of a loan or loan guarantee not to exceed 50% of total project cost, with an interest rate that equals the interest rate for Treasury obligations then issued for comparable maturity periods. Provides that a qualifying international energy deployment project funded under this title would not be eligible as a qualifying clean coal technology under Section 415 of the Clean Air Act. Requires DOE to submit a report to the President on the results of the pilot projects no later than five years after enactment of this Act. Authorizes \$100 million in annual appropriations to fund the programs under this title for fiscal years 2002-2006.

**Section 12 – Coordination of Global Change Research.** Provides the Director of the U.S. Global Change Research Program (USGCRP) with new authority for the purposes of coordinating and strengthening scientific research with respect to climate observation systems and climate modeling. Authorizes \$50 million in new funding for each of fiscal years 2002 through 2004, and such sums as are necessary thereafter. Requires that the Program utilize where possible existing Working Groups and other resources in laboratory activities.

**Section 13 – Conforming Amendment.** Amends Section 1103(b) of the Global Climate Protection Act of 1987 to require the President to consult with DOE in addition to EPA when developing and proposing national policy on climate change.