



# CLIMATE WATCH

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## RECENT STUDY LAUDS U.S. ENVIRONMENTAL RECORD

In August, the EOP Group, a DC-based economic consulting firm, released a report entitled "The United States versus the European Community." The new report concluded that "the United States is outpacing countries of the European Community (EC) in setting tough environmental standards, spending on environmental protection and achieving significant environmental improvements."

The study shows that the United States has much tighter limits on automobile emissions, as well as more stringent testing procedures and stricter controls on specifications for automobiles. Additionally, the United States is the only nation with mandatory motor vehicle fuel economy standards.

The study also found that, under the Clean Air Act Amendments of 1990, the United States has a more stringent program for regulating SO<sub>2</sub> and NO<sub>x</sub> emissions than the EC. Similarly, the United States has a more comprehensive regulatory program for hazardous waste management.

As a result of these policies, the United States exceeds the EC in actual environmental performance, with better water quality, lower SO<sub>2</sub> emissions and higher levels of municipal wastewater treatment.

The United States allocates 1.7 percent of its GDP to environmental protection — 40 percent more than the EC allocates from its GDP.

The study also reports that the EC has predicted that it will fall short of its goal of stabilizing CO<sub>2</sub> emissions by the year 2000. ●

## EDISON SHELVES GREEN-PRICING PROGRAM

After much research and debate, Southern California Edison (SCE) Company has shelved its Green-Pricing Pilot Project. Through this program, customers voluntarily would have paid an extra amount on their bills, which the utility company would have, in turn, invested in renewable energy technologies.

To help design SCE's program, an advisory board comprising utility regulators, consumer advocates, the renewable energy industry and environmentalists surveyed customer focus groups to gauge customer interest, as well as to obtain input on what would make such a program appealing.

Participants could not agree on an acceptable amount for a green-price but did say that it would be important to see a positive return on their "investment."

However, showing such a return may prove difficult for utility companies.

The focus group research revealed that customer knowledge about electricity generation is extremely limited. Many participants did not know the source of their electricity. Others did not understand the term "renewable energy," and some customers regarded coal as a "renewable resource coming out of the ground."

This confusion perhaps explains some consumers' "strongly held but somewhat inconsistent beliefs regarding wind and solar technologies," including the belief that since the wind and sun are free, energy derived from these sources should be free once the proper equipment is in place. Participants also had trouble discerning "the relative benefits and costs of using renewable energy

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## EPA STUDIES ECONOMICS OF CLIMATE CHANGE

The Adaptation Branch of the Environmental Protection Agency's Climate Change Division (Office of Policy, Planning and Evaluation) is supporting more than 40 studies under its Benefits Assessment Program to assess the socio-economic impacts of potential climate change.

According to early research, if a dangerous warming should occur sometime late in the next century, the combined impacts could lead to price increases in all sectors of the U.S. economy, as well as an overall decline in aggregate U.S. consumption. Even so, these changes are not expected to

constitute a large percentage of GNP.

The Adaptation Branch began work on the assessment program one year ago and expects to produce a preliminary Benefits Assessment by December 1993. Early indications are that permit trading and carbon taxes will be recommended as "least cost" command and control measures. Policy makers will have to weigh the economic impact of the recommendations against the questionable impact they might have on global emissions levels. ●

*For more information, call U.S. EPA Adaptation Branch Chief Joel Scheraga, 202/260-4029.*

## Executive Director's Column

PRESIDENT CLINTON RELEASES  
CLIMATE CHANGE ACTION PLAN

By John Shlaes

On October 19, President Clinton released his Climate Change Action Plan, a 50-page blueprint outlining how his administration plans to reduce U.S. greenhouse gas emissions to 1990 levels by the year 2000.

GCC was invited to the White House ceremony where President Clinton explained that the goal will be "accomplished primarily by harnessing private market forces . . . and by establishing new public-private partnerships to bring out our best research and our best technologies."

The Global Climate Coalition supports the president's reliance on business-government partnerships and voluntary initiatives to reduce greenhouse gas emissions. GCC has always felt that the nation's climate policy should be built on the strengths of America's leadership role in energy efficiency and environmental protection rather than rely on more government mandates.

Now that the plan is out, industry and companies can make their own review to evaluate the impacts of the president's program on their ability to remain globally competitive and sustain jobs and economic growth. The November issue of *Climate Watch* will include an analysis of President Clinton's Climate Change Action Plan.

The agreement by some industries to undertake efforts to become even more energy efficient follows a 15-year period during which the energy intensity (amount of energy consumed per dollar of value added) of U.S. manufacturing declined by 50 percent. This was the largest reduction in manufacturing energy intensity among the major industrialized countries. During this period, Japan reduced its intensity by 49 percent, and Germany reduced its by 32 percent. As a result, from 1974-1988 the U.S. manufacturing sector reduced carbon dioxide emis-

sions by 41 percent per unit of output. These savings have been the result of strong industry initiatives and investments in new technologies, manufacturing processes, and operating methods and procedures. Moreover, these savings have been attained with a 55 percent increase in production.

Progress in the United States has come during a period of phenomenal growth in environmental regulation. EPA's own estimates project that U.S. industry spends over \$100 billion a year on the environment, which, when added to the estimates for U.S. government expenditures, brings overall yearly environmental costs to \$140 billion.

The United States goes far beyond many other countries, including EC countries, in regulating the environment.

It makes sense for industries to become more efficient and more competitive.

Encouraging business-government relationships can result in industrial programs that can increase efficiency and reduce emissions, as well as provide multiple benefits for those who have determined that they can market products and earn a return on investment that will provide them with capital for future investment and growth. However, when evaluating the complicated issues related to climate change, there are several factors to keep in mind.

The reason that industries must closely examine initiatives in the area of energy efficiency is that their decisions must make economic sense for the future viability of their companies — especially since views on whether we face catastrophic warming are uncertain. Further, we must recognize the structural and economic differences between the United States and our major trading partners, otherwise we could give away real competitive advantage. We also must recognize

the progress the United States has made in recent years in energy efficiency and make sure our environmental commitment is recognized when we are compared with other nations.

Finally, perhaps the greatest challenge for U.S. industry is the fact that the majority of future greenhouse gas emissions will come from developing countries that are dependent on fossil- and carbon-based fuels and whose economies and populations will experience tremendous growth during the next quarter century. Some studies indicate that they will be responsible for 75 percent of worldwide CO<sub>2</sub> emissions by the year 2025.

U.S. industry has been called upon by the president and the government to help deal with this growing challenge overseas. It will take an economically strong and technologically vibrant U.S. economy to work with these countries and provide the innovation and technology they will need. As we continue environmental improvement at home, the real challenge will be global. ●

## Edison's Green-Pricing Program

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sources in place of nuclear, coal or natural gas."

Despite customer ambiguity, Edison proposed a preliminary green-pricing program to the advisory board, where it met with resistance from all sides.

Consumer advocates feared that environmental benefits would be used to justify shifting some program costs to nonparticipants. Despite some enthusiasm among renewable energy interests, there were concerns that green-pricing might be used to displace other renewable energy programs, while California utility regulators thought that the project would jeopardize their upcoming supply-side auction and other proceedings. Faced with such dissent, SCE shelved the plan. ●

For more information, contact Robin Walther at Southern California Edison, 818/302-9653.

PUSHING GREEN  
EXPORTS...

At a recent House Foreign Affairs Subcommittee hearing, Chairman Sam Gejdenson (D-CT) called on American business to jump into the overseas environmental market. The committee investigated designs to create an effective export promotion strategy for U.S. environmental technology.

Predicting the creation of 300,000 American jobs over the next seven years, Gejdenson said he wants to see the United States seize 20 percent of the growth expected in the overseas market.

Gejdenson also warned that such benefits will come only once the United States has allocated enough resources to promote its exports. In 1990, the United States spent \$231 million to promote manufacturing exports, while France spent \$417 million, Italy \$309 million and the United Kingdom \$298 million. He said the United States must at least match these figures to remain competitive.

In testimony, the U.S. Environmental Technology Export Council (ETEC) estimated the current value of the international market for environmental products and services to be at \$295 million, and projected a 6 percent growth over the next five years. Although 90 percent of the current market lies in North America, Europe and Japan, much of the predicted growth will be outside the industrialized world.

The ETEC proposed several ways for the United States to improve its export promotion efforts, including a larger staff at the U.S. and Foreign Commercial Service, as well as better coordination and cooperation among government agencies and between government and business. ●

## COMING NEXT ISSUE:

An Analysis of the  
Clinton Climate PlanATMOSPHERIC  
UPDATE

While temperatures in the lower atmosphere remained slightly below average in September, temperatures in the stratosphere hit their coldest level in at least 15 years, and perhaps their coldest since the 1950s, according to scientists at the University of Alabama at Huntsville (UAH) and at NASA's Marshall Space Flight Center. This cold trend in the stratosphere — the layer of atmosphere from about 17 and 20 miles above the Earth — is apparently one of the last climatic byproducts of the 1991 Mount Pinatubo eruption.

Temperatures in the stratosphere were almost 0.75 degrees Celsius below average in September, and, since September 1992, stratospheric temperatures have

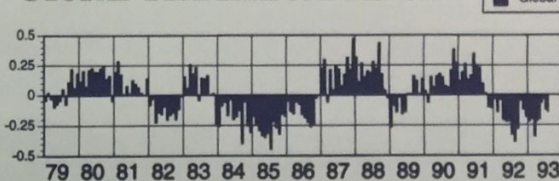
fallen about 1.8 degrees Celsius.

This cooling effect might be expected to last several years, according to Dr. Roy Spencer, a space scientist at the Earth Science Lab at NASA's Marshall Space Flight Center. "After the El Chichón eruption [in 1981], the stratosphere went colder for six years, until the next volcano."

While the 15-year stratospheric temperature record has been largely influenced by the El Chichón and Pinatubo volcanoes, it has been checked against weather balloon data collected since the 1950s, Spencer said. "And right now, we are having the coldest [stratospheric] temperatures since the 1950s."

In addition, average global temperatures in the lower atmosphere (Fig. 1) lingered below long-term averages during September, according to UAH scientist Dr. John Christy. ●

## GLOBAL TEMPERATURE REPORT



GLOBAL TEMPERATURE VARIATION, IN CELSIUS, SINCE 1979; 10-YEAR TREND = -0.023°C

UAH Earth System Science Laboratory, Huntsville, Ala. 35899 • Phone (205) 895-6257 • Fax [(205) 895-6970]

## ...AND BETTER COOPERATION WITH INDUSTRY

The House Committee on Science, Space and Technology's Subcommittee on Technology, Environment and Aviation recently held a hearing in Concord, New Hampshire, on pollution-preventing technology initiatives. Speakers throughout the hearing iterated the need to improve communication and cooperation between government and industry.

Paul G. Keough, regional administrator for the Environmental Protection Agency, admitted that the "EPA has limited experience in providing business assistance," but saw great potential for the agency to "help industry anticipate the need for

environmental improvement in time to identify pollution prevention approaches or design and engineer better pollution control methods." For example, Keough said, the EPA could work with industry to shape and implement environmental policies, such as marketable emissions credits, that favor developing and using technological solutions.

Citing barriers to using new technology in the EPA's Site Innovative Technology Evaluation (SITE) program, Robert W. Varney, commissioner of the New Hampshire Department of Environmental Services, had several suggestions for the

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## Industry Cooperation

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future of environmental technology.

Varney asked that the government simplify research and development permits for small-scale environmental projects and develop agency regulations that focus on performance standards rather than on the use of specific materials or technologies. He also asked that the government help meet the real-world needs of the research community to help ensure that resources are used only for the country's most pressing problems.

Alan Borner, executive director of the Environmental Hazards Management Institute, shared this desire to replace command and control regulations, which he said, "are moving targets at best and contradictory at worst," with better communication and cooperation between business and government. He also called for greater responsiveness on the part of both industry and government to new technologies and alternative fuels.

Dr. Lee Lynd of Dartmouth College's School of Engineering discussed one such emerging technology — cellulosic biomass ethanol. He stressed that expanded use and development of such pollution-preventing technologies will come only when government shifts its policy emphasis away from command and control to encourage all industries to participate in technology programs. ●

## DOE AND IEA TO HOLD WORKSHOP

In December, the Department of Energy (DOE) and the International Energy Agency (IEA) will send out invitations for their joint International Workshop on Industrial Energy Efficiency Policies and Programs. The event is scheduled for May 26 and 27, 1994, at the Capital Hilton in Washington, DC. The two-day workshop will present a rare opportunity for government and industry (including utilities) representatives from the United States and the IEA's 22 other member countries to discuss successful policies and programs for promoting industrial energy efficiency.

The IEA will publish the workshop proceedings, including keynote presentations, chairmen's summaries of workshop sessions and any final recommendations. ●

For more information about the workshop, contact Mark Friedrichs at the Office of Energy Demand Policy, EP-50, U.S. Department of Energy, 1000 Independence Avenue S.W., 20585. Phone: 202/586-0124. Fax: 202/586-4447.

## NCDC OPENS INFO LINE

The National Climatic Data Center (NCDC) has established the Research Customer Service Group (RCSG) to provide information to researchers studying climate change. The RCSG staff comprises professionals experienced in all climate data sets now available to the research community. ●

To contact RCSG meteorologist Tom Ross, use the OMNET mailbox NCDC.SERVICE, or call 704/259-0994, or fax 704/259-0876.

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