AIAM

TE-03-191
03/21/03

TO: AIAM Environment and Energy Subcommittee

FROM: John M. Cabaniss, Jr.
Director, Environment & Energy

RE: **CLIMATE CHANGE - ICCP Meeting March 20, 2003 - Summary**

Attached is an AIAM summary of the March 20, 2003 International Climate Change Partnership meeting.

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International Climate Change Partnership Meeting
March 20, 2003

AIAM Summary

On March 20, 2003 the ICCP held its regular meeting in Arlington, VA. Attached are the agenda and handouts. The meeting was chaired by Kevin Fay, executive director of ICCP.

The first order of business was approval of the minutes of the January 15, 2003 ICCP meeting. See attachment.

The next few agenda items dealt with domestic climate change issues. Mr. Fay reported that he had attended the rollout for the Administration's Climate VISION program, which is based on voluntary commitments from various industries to reduce climate change emissions over the next ten years. Mr. Fay indicated that the big news in this event was not the voluntary commitments, which in many cases are not very aggressive, it is instead the fact that the Administration even had such an event. Attached is a brief ICCP report on this activity. The next question related to this program is how industries will measure and report success in meeting their commitments and whether the Administration will try to take a role in ensuring some sort of consistent approach for reporting.

Regarding the status of climate change legislation in Congress, Mr. Fay reported that several bills have been introduced. See attached ICCP report on the relevant bills and their status. Mr. Fay noted that no action has been taken on any bills yet. ICCP will continue to keep track and inform members of hearings and other related news.

Regarding the Federal budget, Mr. Fay reported that the proposed DOE 2004 FY budget contains funding for climate change activities again. He noted that the level of funding is about the same as in prior years, but it is in different categories. One significant change is the commitment of funds to the hydrogen program. See attached ICCP on budget status.

Regarding state issues, Mr. Fay reported that several states are considering climate change bills based on last year's California legislation. In California, CARB is holding a series of public workshops on the climate change issues. The most recent workshop was held on March 11-13, 2003 and dealt with technology issues. CARB will be holding several additional workshops during 2003 with a report to the CARB Board planned for late 2003. This will be followed by a CARB regulatory proposal. CARB plans on finalizing a regulation in late 2004.

Regarding international activities, Mr. Fay reported that Russia continues to be the linchpin for the Kyoto Protocol. He handed out an announcement for a climate change meeting being called in Russia on September 28- October 3, 2003 (attached). It appears that Russia's decision whether to ratify Kyoto will be postponed until some time after this meeting.

Mr. Fay reported that ICCP has been involved in informal discussions with several parties in Europe (mostly Germans) about a strategy to advance climate change discussions between the US and Europe.

The next ICCP meeting is scheduled for mid May.

ICCP – AGENDA
March 20, 2003
1:00 p.m. - 4:00 p.m.

I. Call to Order/Introductions

II. Approval of Minutes – January 15, 2003 (attached)

III. Domestic (1:15 – 3:00)

A. Recent Discussions with Administration
B. Climate VISION
C. DOE Registry Activities

1. Post-Workshop Comments
2. Intensity Credits

D. Climate Legislation
E. Multi-Pollutant Legislation
F. Budget
G. State Issues

IV. International (3:00 – 3:45)

A. Kyoto Protocol
B. Trans-Atlantic Business Dialogue – German Marshall Fund
C. EU Emissions Trading Program
D. Individual Country Programs

VI. Earth Technologies Forum (3:45 – 4:00)

MINUTES

INTERNATIONAL CLIMATE CHANGE PARTNERSHIP (ICCP)

Board Meeting
January 15, 2003

Pursuant to a written notice, the International Climate Change Partnership met on January 15, 2003 at the offices of Alcalde & Fay in Arlington, VA. Judith Bayer, Chairman, called the meeting to order at 1:00 p.m.

Attendance

The following ICCP members, guests, and staff attended the meeting:

Rick Adcock	CH2M Hill
Judith Bayer	United Technologies
Darby Becker	United Technologies
Steve Bernhardt	Honeywell
John Cabaniss	AIAM
Tom Cortina	ICCP
Kevin Fay	ICCP
Steve Harper	Intel
Charles Ingebretson	Honeywell
Tom Jacob	DuPont
Mack McFarland	DuPont
Peter Molinaro	Dow
Fred Sciance	GM
Dave Stirpe	Alliance
Tom Werkema	Atofina
Robert Youngman	Natsource

Welcome & Introduction

J. Bayer welcomed the group and introductions were made. The agenda and the meeting minutes were circulated prior to the meeting. Other information was also distributed at the meeting.

Approval of Minutes

The minutes of the November 12 meeting were approved without revision.

Administrative

The status of membership in ICCP was discussed. It was noted that Whirlpool and JICOP had withdrawn their membership for 2003.

T. Cortina distributed and reviewed the final 2002 budget and a proposed budget for 2003. He noted that due to decreased dues revenue, the proposed management fee for 2003 has been decreased by $25,000. The budget was approved as proposed.

The following officers were elected for 2003:

Steve Harper (Intel) – Chairman
Tom Jacob (DuPont) – Vice Chairman

The 2003 meeting schedule was discussed and revised as follows:

Thursday, March 20
Thursday, May 15
Tuesday, July 15
Wednesday, September 17
Thursday, November 13

Domestic

K. Fay reviewed his recent discussions with administration officials regarding climate change. He noted that the administration is working on an aggressive domestic program that would include specific commitments to reduce emissions from most U.S. industrial sectors.

The group discussed the status of DOE's efforts to enhance the existing 1605(b) GHG reporting program, including a series of four workshops that were attended by ICCP members and staff. It was agreed that ICCP will submit post-workshop comments to DOE based on an outline that was distributed prior to the meeting.

The group discussed ICCP support for credits for improvements in emissions intensity. A subcommittee was formed to further explore the idea of intensity credits, as follows:

Peter Molinaro (Dow)
Steve Harper (Intel)
Tom Jacob (DuPont)
Tom Werkema (Atofina)

The group discussed climate change legislation introduced so far this year including McCain/Lieberman cap and trade legislation and a Daschle/Jeffords climate bill similar to last year's bill.

The group discussed State activities on climate change, including a possible New York mobile source bill similar to California.

International

The group discussed the status of ratification of the Kyoto Protocol. It was noted that Russia still holds the key to the Protocol entering into force and it is not clear at this time what Russia will do. They have stated in the past that they will ratify but some in the U.S. government now believe that they will not.

The EU emissions trading program was discussed. It was noted that the cap and trade program covers industries such as power and heat, steel, cement, paper, etc. The program takes effect in 2005 and becomes compulsory in 2008.

Other Activities

It was noted that the 2003 Earth Technologies Forum is scheduled for April 22-24 at the Hyatt Regency in Washington, D.C.

The meeting was adjourned at approximately 4:00 p.m.

Respectfully submitted,

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Tom Cortina

Approved:

_____

Steve Harper, Chairman

March 17, 2003

MEMO TO: Members, ICCP

FROM: Kevin Fay

SUBJECT: Administration's Voluntary Program Announcement

The Bush Administration unveiled its voluntary program commitments with great fanfare in a ceremony at the Department of Energy, followed by a reception at the White house Old Executive Office Building. Formal remarks were made by EPA Administrator Whitman and Secretaries Abraham (Energy) and Veneman (Agriculture), as well as a representative from the Department of Transportation. Industry remarks were made by representatives from the auto industry, utility industries, and the Business Roundtable.

In remarks at the White House, Chief of Staff Andy Card stressed that the importance of the effort was to prove that significant actions could be taken on a voluntary basis. Other Administration officials indicated that the most significant thing about the event may be that it occurred and that the heads of these organizations were pledging in unison to do something about greenhouse gas emissions. In his remarks, CEQ Chair Connaughton characterized the programs as helping to "slow the rate of growth of emissions", but indicated that efforts would be made to sign up additional industries and to revisit with all industries for even greater commitments.

The reaction to the announcement was very predictable. Most in the business community recognized the announcement as a "start". Some expressed surprise at the insistence of the White House to beef-up the commitments, but also recognized that others may view these programs as modest or minimalist. The announcement was panned as predictable and/or insignificant by environment groups.

A brief summary of the president's program and the industry commitments is outlined below. Representatives from these organizations are being asked to speak on these activities at the Earth Technologies Forum.

Summary of Pres. Bush's Statement

- "National goal of reducing greenhouse gas intensity of the economy by 18 percent by 2012, and has challenged businesses to voluntarily reduce, sequester or avoid greenhouse gas emissions to help attain this goal." BRT News Release

Alliance of Automobile Manufacturers

- All members will be reporting GHG emissions from their manufacturing facilities within one year
- At least a 10 percent reduction in GHG emissions from their U.S. automotive manufacturing facilities, based on U.S. vehicle production, by 2012 from a base year of 2002

The Aluminum Association

- Renewed voluntary partnership with the EPA through 2005
- Achieved 2000 goal in reducing PFC emissions from U.S. primary aluminum smelting by 45 percent, equivalent to 2.2 million metric tons of carbon annually
- Committed to raising the recycled content of aluminum products and materials

American Chemistry Council

- Pursuing reductions in greenhouse gas intensity toward an overall target of 18 percent by 2012, using 1990 as a baseline, has already reduced by 12 percent;
- Planning mutual assistance program, including open workshops and training programs, to share best practices and methodologies for achieving reductions in greenhouse gas emissions with its member companies and related industries.

American Forest & Paper Association

- Expect to reduce greenhouse gas intensity by 12 percent by 2012 relative to 2000

The Business Roundtable-Climate RESOLVE

- Goal of 100 percent participation by BRT members in voluntary greenhouse gas management programs

National Mining Association

- Assure potential 600,000 metric tons per year reduction of carbon equivalent occurring by 2010 though maximizing new technologies;
- Maintain 30 percent coal mine methane reduction achieved between 1990-2000.

Portland Cement Association

- Adopted the goal of reducing carbon dioxide emissions per ton of product by 1-percent (from 1990 levels) by the year 2020.

Power Partners: the latest voluntary partnership between the electric power industry and the U.S. Department of Energy.

- American Public Power Association
    - Support President Bush's goals and plan on participating in effort.
- Large Public Power Council

    - Forge partnerships with local/federal government and environmental groups to implement effective greenhouse gas mitigation programs, and enter into utility-specific commitments to achieve quantifiable greenhouse gas mitigation activities;
    - Increase the use of wind, hydropower, and landfill gas to generate electricity;
    - Improve end-use efficiency through demand-side management and conservation programs;
    - Reduce, avoid, or sequester greenhouse gas emissions through "Tree Power," APPA's national tree planting program that was established in 1991.
- Edison Electric Institute
    - Reduce power sector carbon intensity by the equivalent of 3 to 5 percent in this decade;
    - Remove CO2 from the atmosphere through forestry projects in the lower Mississippi River Valley
    - Divert coal combustion products (CCPs) from land disposal and increase the beneficial uses of CCPs;
    - Harvest windpower and biomass for electricity generation;
    - Develop international power partnerships that focus on climate and sustainable development.
- Electric Power Supply Association
    - Promote policies to encourage greater utilization of efficient power plants through increase competition within regional electricity markets. Enhanced operation of these plants will help to lower greenhouse gas intensity.
    - Promote solar electrification, reforestration, carbon sequestration initiatives, and methane reduction programs;
    - Participate in market-based greenhouse gas emissions reduction initiatives, such as the Chicago Climate Exchange.
- National Rural Electric Cooperative Association
    - Reduce emissions by enhancing efficiency at electricity generation, transmission, and distribution facilities;
    - Plant trees to sequester carbon from the atmosphere and restore forests
    - Invest in low- and zero-emission renewable energy sources
    - Expand long-term research and development efforts in energy efficiency and clean coal technology;
    - Work with co-ops in developing nations to increase their efficiency and reduce greenhouse gas emissions globally.
- Nuclear Energy Institute
    - Increase electricity output by about 10,000 megawatts of capacity by 2012 through power uprates, improved productivity and plant restarts. Emissions avoided by the increase---and estimated 22 million metric tons of carbon equivalent---represent approximately one-fifth of the President's carbon-reduction goal.
- Tennessee Valley Authority

- Participating in industry-wide forestry and CCP projects, as well as activities to reclaim abandoned mine lands;
- Co-firing biomass at TVA coal-based plant in Alabama and co-fioring wastewater treatment methane at a coal-based plant in Tennessee. These processes will reduce emissions by utilizing a waste product that would not otherwise be used;
- Increasing the operating efficiency of Units 2 and 3 (and restarting Unit 1) at the Browns Ferry nuclear plant in Alabama;
- Further develop and increase participation in "Green Power Switch"---the Southeast's largest renewable energy program.

National Mining Association

- Assure potential 600,000 metric tons per year reduction of carbon equivalent occurring by 2010 though maximizing new technologies;
- Maintain 30 percent coal mine methane reduction achieved between 1990-2000.

March 20, 2003

MEMORANDUM

TO: Members, ICCP

FROM: Kevin Fay
Jason Lee

RE: Status of Climate Change and Air Pollution Legislation

The purpose of this report is to summarize the current status of climate change and air pollution legislation in Congress.

Clear Skies Initiative

On February 27, 2003, the Bush administration's "Clear Skies Initiative" was introduced in the House and Senate. Sen. James Inhofe (R-OK) and Sen. George Voinovich (R-OH) sponsored the Senate version (S. 485); Rep. W.J. "Billy" Tauzin (R-3rd LA) and Rep. Joe Barton (R-6th TX) introduced the House version (H.R. 999).

This legislation would create a mandatory program that would reduce power plant emissions of sulfur dioxide (S02), nitrogen oxides (NOx), and mercury by setting a national cap on each pollutant. The Clear Skies' NOx and SO2 requirements would affect all fossil fuel-fired electric generators greater than 25 megawatts (MW) that sell electricity. Mercury requirements affect only the subset of these units that are coal-fired.

The Initiative uses a dynamic regulatory approach (emission caps and trading) that provides power plants with flexibility to reduce emissions in the most efficient and least costly way.

The bill also strives to maintain the authority of state and local government to set source-specific emissions limits for sources within their borders to ensure that ambient air quality standards are met.

Environmentalists oppose Clear Skies because it would repeal or weaken vital clean air protections in the current Clean Air Act, and substitute less stringent limits for power plant emissions. The bill also would delay pollution reduction needed to meet public health standards, and roll back key measures to protect local air quality and reduce pollution problems in our national parks. In addition, the bill does not address carbon dioxide pollution, a pollutant that many cite as the main cause of global warming.

status: The House version of the bill was referred to the House Committee on Energy and Commerce on February 27, 2003 and subsequently referred to the Subcommittee on Energy and Air Quality on March 17, 2003. According to Subcommittee staff, the Subcommittee has not decided when it will take up the bill. Currently, the Energy Policy Act of 2003 (the Energy Bill) is the Subcommittee and full Committee's priority.

The Senate version of the bill was referred to the Senate Committee on Environment and Public Works on February 27, 2003.

Fuels Security Act of 2003

Senator Thomas Daschle (D-SD) introduced the Fuels Security Act of 2003 (S. 385) on February 13, 2003. Congressman Colin Peterson (D-7th MN) introduced the House version (H.R. 837) on March 10, 2003.

The bill amends the Clean Air Act to eliminate methyl tertiary butyl ether from the United States fuel supply, increases the production and use of renewable fuel, and increases the Nation's energy independence.

status: The bill was referred to the Senate Committee on Environment and Public Works on February 13, 2003.

The House version of the bill was referred to the House Energy and Commerce Subcommittee on Energy and Air Quality on March 10, 2003. Subcommittee staff noted that the full Committee is opposed to the bill. However, the Energy Committee plans to include some elements of the bill (such as renewable fuel language) in this year's Energy Bill.

The Clean Power Act of 2003 (S. 366)

Senator James Jeffords (I-VT) introduced the Clean Power Act of 2003 (S. 366) on February 12, 2003.

This bill requires power plants to significantly reduce emissions of sulfur dioxide, nitrogen oxides, carbon dioxide and mercury. The Clean Power Act of 2003, which has 19 co-sponsors, uses the largely successful cap-and-trade system in the 1990 Clean Air Act Amendments or making quick and cost-effective reductions in these pollutants. At the same time, this bill does not abolish or eliminate any of the vital local and regional air quality protection programs in the Clean Air Act.

The bill will reduce emissions of sulfur dioxide by 81% from 2000 levels, to a 2.25 million ton cap. Nitrogen oxides will be reduced by 71% from 2000 levels, to 1.51

million tons. And carbon dioxide will be capped at 21% below 2000 levels, or 2.05 billion tons. Mercury will be controlled to 90% below 1999 levels, or 5 tons.

status: The bill was referred to the Senate Committee on Environment and Public Works on February 12, 2003.

The Global Climate Security Act of 2003(S. 17)

On January 7, 2003, Senator Daschle (D-SD) introduced the Global Climate Security Act of 2003. The bill would:

1) create Sense of the Senate language that the Congress make climate change a high priority, pass a multi-pollutant bill and promote clean energy domestically and internationally;
2) establish a national greenhouse gas emission registry and reporting system, identical to S.1870 sponsored by Jeffords and U.S. Sen. Jon Corzine, D - N.J.;
3) create Sense of the Senate language that the U.S. must act to reduce greenhouse gas emissions and participate in developing a future binding climate change treaty;
4) establish a commission to recommend a legislative roadmap for reducing greenhouse gas emissions;
5) require the President to regularly issue a U.S. climate change impact assessment;
6) require the President to issue a report on funding for programs aimed at reducing greenhouse gas emissions;
7) require changes in greenhouse gas emissions and climate impacts be considered as part of environmental reviews for federal projects or actions;
8) direct the President to reduce the Federal government's greenhouse gas emissions to 1990 levels by 2013;
9) encourage the Securities and Exchange Commission to clarify regulations disclosing the financial risks due to net greenhouse gas emissions and climate impacts;
10) require the Department of Commerce to develop a methodology for determining the greenhouse gases emitted in the production and delivery of goods and services imported into the U.S.;
11) provide $2 billion in grants to states for greenhouse gas data collection, emission projects and research efforts; and
12) require the Department of the Treasury submit a report to Congress on changes to the tax code that would result in reducing greenhouse gas emissions to safer levels

status: S. 17 was referred to the Senate Committee on Environment and Public Works. Because Senator Inhofe, the current Chairman of the Committee, has been a staunch ally of industry groups, this bill will face an uphill battle in the Committee. No hearings have been set for this bill.

The Climate Stewardship Act of 2003 (S. 139)

Senators Lieberman (D-CT) and McCain (R-AZ) introduced the Climate Stewardship Act of 2003 on January 9, 2003. This legislation would curb global warming by establishing a market-based emissions credit trading system that will reduce greenhouse gas emissions and spur innovation by giving companies maximum flexibility in meeting emissions goals

The legislation, which is modeled after the successful acid rain trading program of the 1990 Clean Air Act, would require a reduction to 2000 carbon dioxide emission levels by the year 2010, and a reduction to 1990 levels by the year 2016. McCain and Lieberman began work on the legislation in August 2001. The bill would affect emissions from the electricity generation, transportation (via petroleum refiners), industrial, and commercial economic sectors, which together account for 85 percent of overall U.S. greenhouse gas emissions. It would only apply to entities that emit more than 10,000 metric tons of greenhouse gases per year, and would not apply to individual car owners, homeowners, or the agricultural sector.

The bill would achieve reduction goals by allowing trading of emissions allowances on the open market, supported by a government inventory of emissions and emission reductions for individual companies and utilities. Companies would be required to submit one tradable allowance for each metric ton of greenhouse gas emissions, and companies could buy and sell credits among themselves.

Companies would have the economic choice of reducing their emissions to reduce their required allowances, or purchasing other companies' allowances to cover their continued emissions. Companies that have voluntarily undertaken efforts to reduce their greenhouse gases would receive credit for those actions.

status: S. 139 was referred to the Senate Committee on Environment and Public Works. No hearings have been set for this bill.

The National Greenhouse Gas Emissions Inventory and Registry Act of 2003 (S. 194)

On January 17, 2003, Senator Corzine (D-NJ) introduced the National Greenhouse Gas Emissions Inventory and Registry Act of 2003. This bill amends the Clean Air Act to require the Administrator of the Environmental Protection Agency to establish and administer:

(1) a national greenhouse gas emissions information system to collect annual lists required to be submitted under this Act of an entity's greenhouse gas emissions and their sources; and

(2) a national greenhouse gas registry to collect voluntarily reported information on emissions reductions. The legislation specifies factors for adjustment of emissions records by a reporting entity.

The act also directs the Administrator and the Secretaries of Commerce, Agriculture, and Energy to develop greenhouse gas emissions quantification and verification protocols, electronic reporting methods, and accounting and reporting standards.

Finally, the bill requires the Administrator to publish an annual national greenhouse gas emissions inventory.

status: S. 194 was referred to the Senate Committee on Environment and Public Works. No hearings have been set for this bill.

The Southern Border Air Quality Protection Act

Congressman Duncan Hunter (R-52nd CA) introduced the Southern Border Air Quality Protection Act (H.R. 287) on January 8, 2003. Senator Dianne Feinstein (D-CA) also introduced the version of the bill (S. 107) in the Senate on January 9, 2003. This bill prohibits natural gas from being exported to Mexico for the purpose of electric energy generation by certain electric energy generation units: (1) located within 50 miles of the United States; (2) whose generation capacity is greater than 50 megawatts; and (3) that do not comply with specified air quality control requirements.

This legislation also directs the President to exercise certain authority granted under the Export Administration Act of 1979 in order to implement this Act..

Finally, the act establishes penalties for noncompliance with this Act.

status: The House version of the bill was referred to the House Committee on International Relations on January 8, 2003. No hearings have been set. Committee staff noted that this bill is not a priority in the Committee.

The Senate version of the bill was referred to the Senate Banking, Housing and Urban Affairs Committee on January 9, 2003.

ALCALDE & FAY

GOVERNMENT & PUBLIC AFFAIRS CONSULTANTS

March 7, 2003

MEMORANDUM

TO: Members, ICCP

FROM: Kevin Fay
Jason Lee

RE: The FY2004 President's Budget

On February 3, 2003, the President released the FY2004 Budget. As we have indicated below, some climate change-related programs were eliminated or transferred into different accounts. Some people believe that the Administration intentionally restructured these categories to prevent comparisons between the Bush Administration's climate change budget and the Clinton Administration's climate change budget.

The following funding levels were proposed in FY2004 Budget.

Department of Energy

Funding (dollars in thousands)

	FY2002 actual	FY2003 estimate	FY2004 request	Change from FY2003 estimate
DOE (energy conservation)	898,000	940,000	877,000	-63,000 (-7%)
DOE (renewable energy resources)	368,000	424,000	444,000	+20,000 (+5%)

Energy Conservation

	FY2002 actual	FY2003 estimate	FY2004 request	Change from FY2003 estimate
Vehicle Technologies (*new for FY2004)	0*	0*	158,000	not applicable
	FY2002	FY2003	FY2004	Change from FY2003

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	actual	estimate	request	estimate
Fuel Cell Technologies (*new for FY2004)	0*	0*	77,000	not applicable
Weatherization grants	unavailable	unavailable	288,000	unavailable
State Energy Program Grants	unavailable	unavailable	39,000	unavailable
State Energy Activities	unavailable	unavailable	2,000	unavailable
Gateway Deployment	unavailable	unavailable	28,000	unavailable
Distributed Energy Resources	unavailable	unavailable	52,000	unavailable
Building Technologies	unavailable	unavailable	53,000	unavailable
Industrial Technologies	unavailable	unavailable	64,000	unavailable
Biomas and Biorefinery Systems R&D	unavailable	unavailable	9,000	unavailable
Federal Energy Management Program	unavailable	unavailable	21,000	unavailable
NCCTI Competitive Solicitation	unavailable	20,000	9,000	-11,000 (-55%)
TOTAL	**898,000**	**940,000**	**877,000**	**-63,000 (-7%)**

The following Energy Conservation Programs were eliminated from the FY2004 budget or were transferred to another program (listed above):

	FY2002 actual	FY2003 estimate	FY2004 request
Building Technology (Non-Grant)	103,000	99,000	not applicable
Building Technology (Grants)	275,000	317,000	not applicable
Federal energy management	26,000	31,000	not applicable
Industry sector	139,000	140,000	not applicable
Power technology	64,000	64,000	not applicable
	FY2002	FY2003	FY2004

	actual	estimate	request
Transportation sector	248,000	248,000	not applicable
Policy and management	43,000	41,000	not applicable

Energy Supply/Renewable Energy Resources

	FY2002 actual	FY2003 estimate	FY2004 request	Change from FY2003 estimate
Hydrogen Technology	unavailable	unavailable	88,000	unavailable
Solar Energy	unavailable	unavailable	80,000	unavailable
Zero Energy Buildings	unavailable	unavailable	4,000	unavailable
Wind Energy	unavailable	unavailable	42,000	unavailable
Hydropower	unavailable	unavailable	7,000	unavailable
Geothermal Technology	unavailable	unavailable	25,000	unavailable
Biomas and Biorefinery Systems R&D	unavailable	unavailable	70,000	unavailable
Intergovernmental Activities	unavailable	unavailable	12,000	unavailable
Electric Reliability	unavailable	unavailable	77,000	unavailable
Departmental Energy Management Program	unavailable	unavailable	2,000	unavailable
NCCTI Competitive Solicitation	unavailable	unavailable	15,000	unavailable
Facilities and Infrastructure	unavailable	unavailable	5,000	unavailable
Program Direction	19,000	16,000	17,000	+1,000 (+6%)
TOTAL	**368,000**	**424,000**	**444,000**	**+20,000 (+5%)**

The following Energy Supply/Renewable Energy Programs were eliminated from the FY2004 budget or were transferred to another program (listed above):

	FY2002 actual	FY2003 estimate	FY2004 request
Renewable Energy Technologies	264,000	304,000	not applicable
Electric Energy Systems and Storage	66,000	75,000	not applicable
Renewable Energy Program Support and Implementation	14,000	24,000	not applicable
National Renewable Energy Laboratory	5,000	5,000	not applicable

Office of Oceanic and Atmospheric Research

Through the Office of Oceanic and Atmospheric Research (OAR), the President provided funding for the Climate Research: Climate Change Research Initiative (CCRI). The President's Budget requested $41.6 million for the CCRI program—an increase of $13.4 million over the FY2003 Budget. The CCRI's specific proposed actions have a dual aim:

(1) to reduce the present uncertainties in climate science and advance climate modeling capabilities, and

(2) to develop research and data products that will facilitate the use of scientific knowledge to support policy and management decisions.

Components of the proposed increase include:

- $6.3 million to build and sustain a global ocean observing system that will accurately document climate-scale changes in ocean heat, carbon, and sea level.

- $5 million to implement a carbon cycle atmospheric observing system with concentration on North America to begin definition of carbon dioxide sources and sinks in and around the U.S. in order to gauge the effectiveness of future carbon emission and sequestration strategies.

- $1 million to support research that will yield improved decision-support tools associated with a key element of climate-change scenarios. Namely, this research will focus on a better understanding of the absorption and scattering of radiation by aerosols (fine airborne particles) and the associated heating and cooling roles in the climate system.

- $1.1 million to support initiation of an interagency Climate Change Science Program Office (CCSPO) to support our Nation's interagency climate and global change program. The Department of Commerce, as lead agency for the Administration's CCRI, will establish this Program Office with a broad capability in physical and social sciences to ensure that the benefits of scientific research are applied to climate change policy issues and decision support.

- $3.5 million to enhance the Geophysical Fluid Dynamics Laboratory's (GFDL) supercomputing capability to develop products to document, assess, and understand the impacts of long-term climate variability and change on the United States. These funds have been requested in the Procurement, Acquisition and Construction (PAC) Account.

In February 2002, the President announced the formation of a new management structure, the interagency Climate Change Science Program (CCSP), of which NOAA is a part. This program aims to balance the near-term (2- to 4-year focus) of the CCRI with the breadth of the US Global Change Research Program, pursuing accelerated development of answers to the scientific aspects of key climate policy issues. The CCRI's national context is an element of NOAA's broader climate research and services goals. The aim of the CCRI is to focus and accelerate deliverables that will reduce uncertainty and aid in decision-making.

ALCALDE & FAY

GOVERNMENT & PUBLIC AFFAIRS CONSULTANTS

February 24, 2003

MEMORANDUM

TO: Members, ICCP

FROM: Kevin Fay
Jason Lee

RE: FY2003 Climate Change funding

The purpose of this report is to provide an update regarding climate change funding in the recently passed FY2003 Omnibus Appropriations bill.

Appropriations

On February 13, 2003, the House and Senate both passed the FY2003 Omnibus Appropriations bill that encompassed 11 of the FY2003 appropriations bills. The President signed the bill into law on February 20, 2003.

The Foreign Operations section of the Omnibus Appropriations bill included $175,000,000 for programs that conserve and promote efficient energy production in developing countries.

In addition, the bill required the President to submit a greenhouse gas emissions report no later than 45 days after the date on which the President's fiscal year 2004 budget request is submitted to Congress. As we reported previously, the report must provide the following:

(1) all Federal agency obligations and expenditures, domestic and international, for climate change programs and activities in fiscal year 2003, including an accounting of expenditures by agency with each agency identifying climate change activities and associated costs by line item as presented in the President's Budget Appendix; and all fiscal year 2002 obligations and estimated expenditures, fiscal year 2003 estimated expenditures and estimated obligations, and fiscal year 2004 requested funds by the United States Agency for International Development, by country and central program, for each of the following: (a) to promote the transfer and deployment of a wide range of United States clean energy and energy efficiency technologies; (b) to assist in the measurement, monitoring, reporting, verification, and reduction of greenhouse gas emissions; (c) to promote carbon capture and sequestration measures; (d) to help meet such countries' responsibilities under the Framework Convention on Climate Change; and (e) to develop assessments of the vulnerability to impacts of climate change and mitigation and adaptation response strategies.

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The Omnibus bill also included $6.5 million for International Conservation Programs and $6 million for the International Panel on Climate Change/United Nations Framework Convention on Climate Change in the Foreign Operations portion of the bill.

However, as you can see in the chart below, the conference reduced the amount of funding provided for the Department of Energy's (DOE) energy conservation program. The renewable energy resources program was reduced from the levels originally recommended by the Senate last summer.

FY2003 Budget and FY2003 Appropriations Comparison Chart

Funding (dollars in thousands)

	FY2003 Budget	FY2003 House	FY2003 Senate Committee bills, summer 2002	FY2003 Omnibus bill, as signed into law
DOE (energy conservation)	901,651	984,653	921,741	898,603
DOE (renewable energy resources)	407,420	396,000	448,062	422,300

Energy Conservation

Weatherization grants	277,100	250,000	240,000	225,000
State energy program grant	38,798	50,000	45,798	45,000

Various energy conservation programs suffered funding decreases, including the community partnerships, energy star program, industry sector, transportation sector, and policy and management. Funds for these programs also were diverted into different accounts at lower levels.

Renewable Energy Resources

	FY2003 Budget	FY2003 House	FY2003 Senate Committee bills, summer 2002	FY2003 Omnibus bill, as signed into law
Biomass/biofuels Energy systems	86,005	86,005	100,000	90,000

	FY2003 Budget	FY2003 House	FY2003 Senate Committee	FY2003 Omnibus bill,

			bills, summer 2002	as signed into law
Geothermal technology development	26,500	26,500	37,000	30,000
Hydrogen research	39,881	35,476	45,000	40,000
Hydropower	7,489	6,489	7,489	5,300
Solar energy	87,625	87,625	95,000	95,000
Wind energy	44,000	44,000	50,000	44,000
Electric energy systems and storage	70,447	70,447	75,000	85,000
Renewable support and implementation	23,866	19,866	29,866	21,500
National renewable energy laboratory	5,000	5,000	6,800	5,500
Program direction	16,187	14,592	16,907	16,000

Despite the Senate's initial objections, the conference report included $18 million in its budget for the Climate Change Research Initiative. (The Senate Appropriations Committee had been concerned that the Administration's proposed increases for Climate Change Research were not related to the research program established by Congress in the Global Change Research act of 1990.). Of this funding, $1 million is for ocean observations/ocean systems; $3 million is for ARGO-related costs; $1 million is for regional assessments, education, and outreach; $2 million is for research on the carbon cycle; $5 million is for the climate modeling center; $4 million is for the global climate atmospheric observing system; and $2 million is for the study of aerosols/climate interaction.