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BUSH'S CLIMATE AGREEMENTS: BUSINESS-AS-USUAL WIDENS THE "CARBON GAP"

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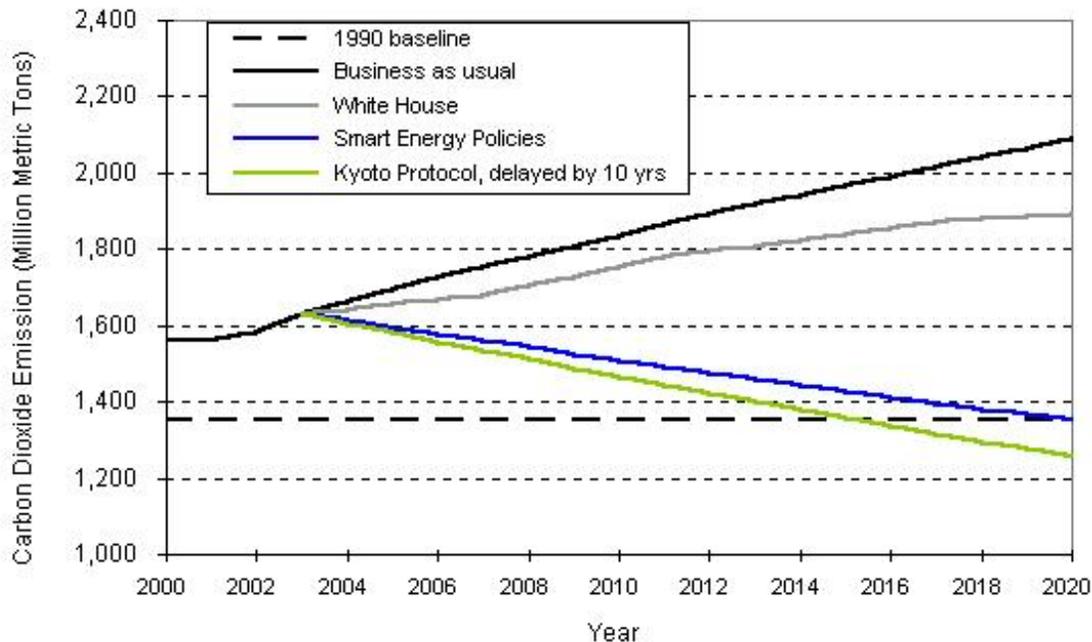
FOR IMMEDIATE RELEASE

February 12, 2003

WASHINGTON, D.C. -- Today's voluntary industry agreements in support of the Bush Administration's climate change policy allow carbon dioxide emissions to keep increasing indefinitely. "This is business-as-usual," said Steven Nadel, Executive Director of the American Council for an Energy-Efficient Economy (ACEEE). "We need serious commitments that reduce carbon emissions—these agreements merely tweak the long-term trend that keeps emissions on the increase."

The Administration's climate policy, announced in 2002, calls for an 18% reduction in carbon intensity by 2012. The agreements announced by industry today aim for roughly similar targets. But reducing carbon *intensity* is not the same as reducing carbon *emissions*. Intensity is a relative indicator, expressed in kilograms of carbon emissions per dollar of economic output. Yet economic growth can outweigh intensity reductions, causing total emissions to increase. ACEEE's analysis, which summarizes this "Carbon Gap," shows that drops in intensity don't necessarily mean drops in emissions. The top, or business-as-usual line, shows a 14% *reduction* in carbon *intensity* from 2002 to 2012, but a 15% *increase* in carbon *emissions*. The Bush policy, shown in the second-from-top line, still results in a 13% increase in emissions.

**The Carbon Gap:
White House Approach Barely Slows Emissions Growth, but
Smart Energy Policies Can Make Major Reductions**



"The Administration's approach—cutting carbon intensity—actually widens the 'Carbon Gap,'" said Bill Prindle, ACEEE's Policy Director. "Their approach is clever in that it shows apparent progress by reducing intensity—but we would have to double our current rate of intensity reduction to see meaningful drops in emissions." ACEEE has produced a report, *Smart Energy Policies*, outlining nine energy policies that would make real progress and bring U.S. carbon emissions back to 1990 levels by 2020. The policies include increasing automotive fuel economy standards; improving appliance efficiency standards and building energy codes; creating a federal public benefits fund for saving electricity; tapping the potential of combined heat and power; increasing federal energy efficiency research, development, and deployment; creating tax incentives for efficient technology; updating air quality regulations to encourage efficiency; and voluntary agreements with industry.

The voluntary industry agreements announced today fall short of those recommended in *Smart Energy Policies* in several respects:

1. They lack clear accountability, because they are not based on rigorous and consistent protocols. There is no framework for measuring, monitoring, and verifying emission reductions that holds up to international standards.
2. There are no real incentives for success or consequences for failure. To be successful, programs like this need to be backed up by major government financial support, or by the threat of regulations imposed in the event of failure to meet targets.
3. The targets are so modest as to be insignificant. They basically track the status quo, and don't really require major action on industry's part. The baseline historical trend is about a 1 percent improvement in carbon intensity per year; these agreements don't alter that trend significantly. To achieve real reductions in carbon emissions, we would have to double the intensity improvement from 1 to 2 percent per year.

Voluntary agreements can work, as evidenced by the Voluntary Aluminum Partnership between the U.S. Environmental Protection Agency (EPA) and the aluminum industry. The industry agreed to reduce PFCs (a potent ozone-depleting gas) by 99 percent; EPA agreed not to issue regulations if the program's target was met, and also provided substantial funding for monitoring and technical assistance. The industry met the target ahead of schedule; today's agreements show none of this kind of rigor.

Smart Energy Policies can be downloaded for free at <http://www.aceee.org/energy/e012full.pdf>.

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About ACEEE: *The American Council for an Energy-Efficient Economy is a non-profit organization dedicated to advancing energy efficiency as a means of promoting both economic prosperity and environmental protection.*

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