



## Interoffice Memorandum

To: Ken Lay

From: Rob Bradley <sup>RB</sup>

Department Policy Analysis

Subject Global Warming Comments

Date: January 27, 1998

Enron has aided the cause of regulating greenhouse gases more ably than any other company in the U.S. and has earned credibility and goodwill with the environmentalist groups. Yet there is a very good chance that the global warming problem is either scientifically overstated or insoluble even with Kyoto's targets (which may still be unobtainable for political or economic reasons). This gives Enron reason to become the conscience of the environmental movement in this debate.

The theme of your remarks can be that the Kyoto Protocol needs to be anchored in scientific, economic, and political reality for it to be ratified and successful. Realism and openness must be substituted for closed thinking and hidden agendas. The attached talking points emphasize that:

- fundamental scientific issues remain
- energy market transformations cannot jeopardize economic growth, high living standards, and poverty eradication
- the Kyoto Protocol is economically unaffordable without worldwide emission trading and high-technology sink creation
- natural gas should not be rejected as a greenhouse gas, and hydroelectricity should not be stymied as a carbon-free renewable energy source. Gas-for-coal substitutions and new international hydroelectric capacity provide the only two large scale energy options short of resurrecting the nuclear option

I am finalizing a more thorough look at the science behind global warming and some costs issues with the Protocol. The bottom line appears to be that the warming from a postulated doubling of CO<sub>2</sub> is near the low range of the IPCC estimate, the warming is distributed in a benign way, and a warming world is far better than moving toward an ice age. The science may be "settled" as far as some warming from human-made greenhouse gas increases, but it very unsettled as far as warming being a bad thing calling for global economic planning. But even more importantly, it appears that the temperature effect from fully implementing the Kyoto Protocol is quite insufficient from the alarmists' viewpoint. Indeed, Jerry Mahlman of Princeton, a prominent climate modeler has stated that we need "30 Kyotos" to address the problem.<sup>1</sup> The only estimate I have seen is that the Kyoto Protocol would reduce the average global temperature by .2°C by 2050 compared to the projected trajectory of the global warming problem of between 1- 2°C by this time. Please inquire about other estimates, but if we need more Kyotos, we have a tiger by the tail and must position ourselves in the national and international debate carefully.

<sup>1</sup> David Malakoff, "Thirty Kyotos Needed to Control Warming," Science, December 19, 1997, p. 2048.