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**ENVIRONMENTAL**

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**AND ENERGY**

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**STUDY INSTITUTE**



**1994**  
**Annual Report**

# *Mission*

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The Environmental and Energy Study Institute (EESI) is a non-profit organization dedicated to promoting environmentally sustainable societies. EESI believes meeting this goal requires transitions to social and economic patterns that sustain people and the natural resources upon which present and future generations depend.

EESI produces credible, timely information and innovative policy initiatives that lead to these transitions. These products are developed and promoted through action-oriented briefings, workshops, analysis, publications, task forces and working groups.

EESI's target audience is Congress and other national policymakers — and the people who influence them.

EESI enjoys a strategic position with national policymakers as the nation's only independent organization established by Congressional environmental and energy leaders.

## Executive Director's Message

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1994 once again proved the power of credible information and credible ideas in the making of public policy: EESI's educational programs and policy reports produced concrete results in a number of important environmental areas, from water efficiency, to renewable energy, to trade reform, to cutting the costs of environmental protection. We are especially proud that these results were generated in a highly leveraged fashion: our small, strategically targeted investments produced big dividends in furthering progress toward a healthy environment and a healthy economy.

We also made two organizational decisions during 1994 that will impact our work significantly in the future. First, we took deliberate steps to connect our programs more explicitly with one another and with economic development issues. This decision reflected the increasing complexity and interconnectedness of environmental and economic issues. Environmental policy decisions directly affect public health, the economy, business development, land use, social equity and other priorities — and vice versa.

Thus, we launched new cross-cutting initiatives to respond to these interconnections. Our existing programs expanded their links with the health, business, economic development and other communities and built broader coalitions. Further, because our priority issues do not respect geographic borders, we continued to enlarge our ties with organizations working at the local, regional, national and international levels.

Second, we assumed the writing of the *Weekly Bulletin*, a widely respected, objective update of Congressional developments on energy and environmental priorities. The *Bulletin*, along with our briefings and other educational efforts, provides a valuable tool for keeping policymakers, opinion leaders and advocates informed of the status and impact of Congressional actions and deliberations on pressing environmental and energy issues.

These institutional decisions reinforced our commitment to a key EESI priority: the provision of balanced, credible information to produce better informed debate. Such information is particularly necessary and valued now when major, contentious policy issues are under consideration. We organized 32 briefings, produced 23 publications and received countless requests for information from a wide range of audiences.

Also in 1994, EESI held its ninth annual Congressional Leadership Dinner, honoring Senators Max Baucus of Montana and Bill Bradley of New Jersey. The funds from this dinner supported special educational programs for Members of Congress and their staff to stimulate their leadership on emerging environmental and energy issues.

I'd like to thank all those who gave generously of their money, talent and knowledge throughout the year — our funders, our staff, our collaborators and our Board of Directors — as well as all those policymakers who, in the end, made the decisions that transformed EESI's work into positive changes.

# Energy & Climate

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Throughout the year, our educational programs and policy development efforts promoted energy efficiency and renewable energy research, commercialization and deployment as strategies to reduce air pollution and greenhouse gas emissions and to stimulate the economy.

- ❑ Thanks to Energy and Climate Program Director Carol Werner, a broader range of businesses participated in global climate change negotiations. Carol also worked intensely with sustainable energy businesses and state and federal policymakers to find cost-effective ways to accelerate biomass, fuel cells, wind power and other “clean” technologies into the marketplace. Widespread use of these technologies in homes, workplaces, industrial sites and transportation systems will help cut energy and production costs, create jobs in the emerging technology sectors, and reduce a range of environmental problems.
- ❑ We were a leader in a successful effort to shift the Department of Energy’s (DOE) budget priorities, which resulted in a 14 percent increase (to \$1.16 billion) over the previous fiscal year for sustainable energy technologies — the highest funding for these technologies since 1980. This funding increase helped create jobs in the sustainable energy sector and stabilized funding for state and local energy programs, including those that weatherize the homes of low-income families.
- ❑ We were a leader within the non-governmental (NGO) community in doubling support (to nearly \$60 million) for the Environmental Protection Agency’s (EPA) voluntary Green Programs. Green Lights, a major component of the Green Programs, projects savings of more than \$1 billion and reduced greenhouse gas emissions equal to the removal of 2 million cars from the nation’s roads. Savings will continue to increase substantially because participation is growing rapidly.
- ❑ Carol and Program Associate Doug Howell continued to promote important principles in the Intermodal Surface Transportation Efficiency Act (ISTEA) and lay the groundwork for its reauthorization. (ISTEA is the 1991 federal transportation law designed to promote a more environmentally sound and economically productive national transportation system.) We worked to educate policymakers that the National Highway System (NHS), the second largest pot of ISTEA money, should be replaced with a National *Transportation* System that concentrates on national goals of economic productivity, an efficient transportation system, energy efficiency and clean air as opposed to simply more highway miles. The 103rd Congress did not reach agreement on this proposal before it adjourned.
- ❑ Doug built and co-led a 120-member national coalition to support the ISTEA provision which requires the use of recycled tires in asphalt, an excellent secondary market for scrap tires. We helped publicize the many successful state-level implementations of this technology. We also encouraged the U.S. Department of Transportation to pursue an aggressive technology transfer program, which may be the most effective route for implementing the technology.

# Water

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Program priorities for 1994 included better integrated water policies, increased protection of groundwater resources, sustainable agriculture and enhanced water conservation.

- ❑ Much of our work revolved around the Congressional agenda, including reauthorizations of the Superfund, Clean Water Act (CWA) and Safe Drinking Water Act (SDWA). In addition, we took advantage of unexpected opportunities, such as the activities of the President's Council on Sustainable Development. We sponsored and cosponsored seven educational briefings, including one on assessing the costs and benefits of clean water, with the American Water Resources Association and the Federal Water Quality Association, and one on the health effects of drinking water contamination, with Physicians for Social Responsibility's Project on Global Environmental Change and Health.
- ❑ Our policy development and education efforts led to the incorporation of water use efficiency measures into House committee versions of the CWA and SDWA. While the 103rd Congress did not take final action on these measures, the House-passed version of the CWA in 1995 retained similar measures. This is the first time that strong water use efficiency measures — which can reduce local water shortages, environmental protection costs and infrastructure burdens — have been incorporated into proposed legislation. This success complemented previous EESI work that led to the issuance of two executive orders signed by President Clinton that could save from \$150 million to \$300 million and 2 million acre feet of water annually by 2005 in federal facilities, many of them in arid Western states.
- ❑ We strengthened our bonds with those involved in Native American water rights negotiations and resource issues. Program Associate Dar Crammond hosted a session at the annual Stanford Indian Water Law Conference to solicit suggestions on the federal role in facilitating settlement, quantification, funding and other areas of Native American water rights.
- ❑ In anticipation of the reauthorization of the Farm Bill, Program Director Don Gray played a leading role in the national sustainable agriculture coalition, drawing on his expertise on the links between water quality and sustainable farming. As a complement to the coalition, EESI hosted and participated in informal working groups of Washington, D.C.-based organizations developing strategies for the reauthorization. We also organized Congressional briefings to highlight some of the key issues, such as the opportunity to use incentive-based programs to control pollution from irrigated agriculture and other non-point sources, primarily through increased efficiency in irrigation.

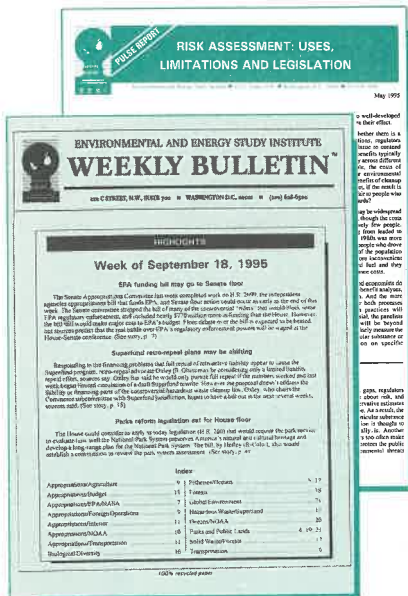
# International

The International Program maintained its focus on issues at the nexus between North-South economic relations and sustainable development in developing countries. The program was at the forefront in defining new issues, achieving consensus and mobilizing action on priority issues. These issues included reforming U.S. trade policy toward developing countries, U.S. sustainable development assistance, environmental NGO participation in the Summit of the Americas and minimum international environmental standards for industry.

- EESI took the lead in introducing policymakers to a key strategy to help developing countries increase their sustainability by diversifying their economies. This strategy would involve reforming the U.S. Generalized System of Preferences (GSP) to make it more supportive of sustainable development. GSP grants duty-free treatment to certain exports from developing countries, but current restrictions mean that the world's least developed countries receive less than 0.1 percent of all GSP benefits. Program Associate Paul Speck developed a proposal to expand market access for these countries for products of export interest, such as textiles and footwear. That proposal, for example, would give companies greater incentive to manufacture these goods in Sub-Saharan African countries and export them to the United States. In turn, that would reduce the stresses on their natural resources, such as forests and agricultural land, which now are overexploited to generate export revenues. EESI's proposal was picked up by Sen. John Kerry (D-Mass.), who introduced a bill incorporating the proposal's main concepts.
- For the second year in a row, Program Director Gareth Porter coordinated an informal coalition of more than 25 NGOs from the population, environmental, poverty, health, education and religious sectors. The coalition forged a detailed consensus position paper calling for an increase in U.S. funding for sustainable development. A letter drafted by the coalition and signed by nearly 200 NGOs was delivered to President Clinton, Vice President Gore and Alice Rivlin, director of the Office of Management and Budget. The results of the November 1994 elections and Congressional determination to cut development assistance derailed this initiative.
- Gareth launched an initiative to introduce the concept of a global multilateral agreement on minimum environmental standards for manufacturing and processing industries onto the global political agenda. Such standards could address the problem created by differing environmental performances among countries and the ability of high-performance countries to compete in global markets against low-performance countries. He circulated a proposal to government officials, NGOs, and business and trade associations around the world laying out the need and opportunity for convening multilateral negotiations on these issues. Gareth also convened a roundtable discussion attended by 30 representatives of business and environmental NGOs to discuss the issue and begin to build consensus on a proposal.

EESI's proposal for a framework convention, followed at a later stage by protocols on standards for specific industrial sectors, was included in an official issues paper presented to the Organization for Economic Cooperation and Development's Joint Session of Trade and Environmental Experts in December 1994. The U.S. delegation pushed successfully for language in the final report of the joint experts process that kept the door open to multilateral negotiations on minimum standards. This represented the first time ever that a concrete proposal on minimum environmental standards has been included as a policy option for consideration in an international negotiation forum.

# Publications



1994 marked the beginning of a new subscription service entitled *PULSE Reports* (Policy Updates and Legislative Series on the Environment.) *PULSE Reports* provide a timely, objective source of periodic insight on environmental and energy issues. They also serve to capture information presented at EESI's educational briefings which can then be made available to a wider audience outside Washington, D.C.

1994 also marked the 10th year EESI has published and distributed the *Weekly Bulletin* and *Special Reports* as part of its mission to provide timely and accurate information. The *Weekly Bulletin* — published each week the U.S. Congress is in session — is relied on by thousands of decisionmakers on and off Capitol Hill for a comprehensive, accurate and objective analysis of all major environmental and energy legislation.

In addition, as noted earlier, this year we brought in-house the editorial functions for the *Weekly Bulletin* and *Special Reports*. These publications previously were written by the Congressional Environmental and Energy Study Conference, which ceased operations in January 1995. EESI looks forward to expanding and improving the content and issue coverage that the *Bulletin* provides.

Together, the *EESI Weekly Bulletin* and *PULSE Reports* make the Institute a premier source of comprehensive, timely and accurate information on Congressional environmental and energy legislation and issues.

# New Initiatives

Cross-cutting issues dominated the new initiatives we launched in 1994. We expect to expand our work on these issues in the coming years. In one case, working with the League of Women Voters Education Fund, we have laid out a strategy to engage citizens and policymakers nationwide in a dialogue about regulatory relief issues. In another example, we played an active role in organizing energy and equity roundtables which brought together representatives from local energy, transportation, social justice and low-income organizations with representatives from national policy organizations. The forums helped these groups identify energy and transportation policies that will reduce greenhouse gas and conventional air emissions, while promoting equity concerns.

# Financials

Statement of Financial Position December 31, 1994		Statement of Revenue, Expenses and Changes in Net Assets For the Year Ended December 31, 1994	
<b>Assets</b>		<b>Operating Revenues</b>	
Current Assets		Project Grant Revenue	\$ 701,460
Cash in Banks	\$ 546,448	Educational Service Revenue	515,059
U.S. Government Securities	590,188	Leadership Fund Revenue	221,292
Accounts Receivable	1,444	Operating Grant Revenue	101,208
Grants Receivable	191,000	Other Revenue and Contributions	<u>35,652</u>
Prepaid Expenses	<u>37,222</u>	Total Operating Revenue	\$1,574,671
Total Current Assets	\$1,366,302	Less: Direct Project Expenses	<u>1,386,986</u>
Investments (At Market)	1,232,882	Operating Revenue After Direct Expenses	\$ 187,685
Fixed Assets		Less: Indirect Expenses	<u>243,074</u>
Property, Equipment and Leasehold Improvements	\$ 232,986	Excess of Operating Expenses over Revenues	\$ (55,389)
Less: Accumulated Depreciation	(182,492)	Add: Investment Income	<u>\$ 56,397</u>
Total Fixed Assets	50,494	Excess of Revenue Over Expenses	\$ 1,008
Other Assets		Unrestricted Net Assets, January 1, 1994	<u>1,641,280</u>
Security Deposits	26,923	Unrestricted Net Assets, December 31, 1994	<u>\$ 1,642,288</u>
<b>Total Assets</b>	<b>\$2,676,601</b>		
<b>Liabilities and Net Assets</b>			
Current Liabilities			
Accounts Payable	\$ 15,598		
Accrued Expenses and Taxes	117,263		
Deferred Revenues	901,452		
Total Current Liabilities	\$1,034,313		
Unrestricted Net Assets	1,642,288		
<b>Total Liabilities and Net Assets</b>	<b>\$2,676,601</b>		

## Statement on Tax-Exempt Status

EESI is a private, non-profit, tax-exempt 501(c)(3) corporation. We are pleased to accept contributions from all individuals, foundations and private corporations that share our mission. All contributions to EESI are tax-deductible to the full extent of the law.

## Earth Share

A portion of EESI's financial support comes from its membership in Earth Share, a federation of publicly supported environmental and conservation charities. Earth Share seeks to expand the financial support and the involvement of people, particularly at the workplace, to advance its affiliates' efforts to protect public health and welfare and to conserve natural resources for future generations.

If you'd like to support EESI's work or to add Earth Share to a workplace giving program, please contact Diane Schwartz, EESI Director of Development and Special Projects, at (202) 628-1400.



# Grants and Contributions

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We are grateful to the following people and organizations who contributed more than \$1,000, and to others who contributed directly to EESI or through their workplace giving campaigns.

## More than \$40,000

Ford Foundation  
W. Alton Jones Foundation  
Joyce Foundation  
Joyce Mertz-Gilmore Foundation  
John D. and Catherine T. MacArthur Foundation  
Charles Stewart Mott Foundation  
William Penn Foundation  
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## \$10,001 to \$40,000

George Gund Foundation  
John A. Harris, IV  
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The William and Flora Hewlett Foundation  
Albert A. List Foundation  
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## \$1,000 to \$10,000

ARCO Foundation of CA  
E.I. du Pont de Nemours and Company  
Eastman Kodak Charitable Trust  
Electrocel Technology Systems  
Ottinger Foundation  
Louise L. Ottinger Charitable Trust  
Sun Company Inc.  
Nelson Talbott Foundation  
Turner Foundation  
WMX Technologies, Inc.

We also are grateful to the following individuals and organizations that contributed to EESI's 1994 Congressional Leadership Dinner. The dinner honored Senators Max Baucus and Bill Bradley.

## \$5,001 to \$20,000

AT&T  
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Louise Dunlap  
E. I. du Pont de Nemours and Company  
North American Insulation Manufacturers Association  
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Wesley Dowling	Program Coordinator	Paul Speck	International Program Associate
Michael Fallon	Communications Manager	Carol Werner	Energy and Climate Program Director
W. Donald Gray	Senior Fellow and Water Program Director	Michael Witt	Director of Administration and Publications
Gregory Hamilton	Publications Manager		

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**Environmental and Energy Study Institute**

122 C Street, NW

Suite 700

Washington, DC 20001

(202) 628-1400 (phone)

(202) 628-1825 (fax)

[eesi@cais.com](mailto:eesi@cais.com) (email)

**Printing:**

DL Press, Washington, DC

**Paper:**

This report is printed on Halopaque paper, which is 100 percent recycled with 15 percent postconsumer waste content.

**Photos courtesy of:**

National Park Service

Department of Energy

Inter-American Development Bank

**Environmental and Energy Study Institute**  
122 C Street, NW Suite 700  
Washington, DC 20001

