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Leonardo Academy Praises Businesses for Supporting the leaner and Greener® Principles for Including Rewards for Energy Efficiency and Renewable Energy in Emission Reduction Programs

March 31, 1999 -- Leonardo Academy announced today that three companies with broad US, Canadian, and worldwide operations support the Cleaner and Greener® Principles for including rewards for energy efficiency and renewable energy in emission reduction programs. Implementation of these principles will put the competitive market to work on improving the environment. The principles apply to local, state, national, and international emission reduction programs for all pollutants. The three companies are Johnson Controls, Philips Lighting, and the Trane Company.

Leonardo Academy is a nonprofit environmental organization that is gathering support for including rewards for energy efficiency and renewable energy in environmental emission reduction programs. All owners of factories, buildings, or homes can benefit from the implementation of these principles because energy efficiency and renewable energy projects will be eligible to receive the market value of the emission reductions they deliver. Implementation of the Cleaner and Greener® Principles will allow environmental regulators to distribute emission allowances as rewards for these positive emission reduction actions. This is a dramatic shift from past practice of giving all the emission allowances to the emitters of environmental pollution. The Cleaner and Greener® approach achieves environmental emission reduction objectives because no additional emission allowances are created. This approach also utilizes the competitive market to drive down the cost of emissions reduction.

Michael Arny, Director of Leonardo Academy said, "Johnson Controls, Philips Lighting, and the Trane Company are forward-looking companies who recognize that implementing the Cleaner and Greener Principles will put the competitive market to work on cleaning up the environment. They recognize that this will be good for the environment and good for their customers. We are looking for more like-minded businesses, and health, environmental, and efficiency organizations to support the implementation of these principles."

There are immediate opportunities to apply the Cleaner and Greener Principles. Twenty-two states in the eastern U.S. and the District of Columbia are required by US EPA to develop state implementation plans (SIPs) for reducing nitrogen oxide (NOx) by September 1999. Nitrogen oxide is a precursor of ground

level ozone, which causes health problems, especially for children and the elderly. The US EPA is also expected to release national regulation of haze-causing emissions.

The US EPA has issued guidance on including a set-aside for energy efficiency and renewable energy in emission reduction plans. This guidance allows states to choose to reward the emission reductions delivered by energy efficiency and renewable energy in the NO_x emission reduction plans they are currently developing. The Cleaner and Greener[®] Principles lay out how this can be done for NO_x and for other pollutants included in future emission reduction programs.

This is a pressing issue for the states currently developing NO_x SIPs because over the next six months, each state will decide whether to include energy efficiency in their NO_x reduction plans or leave it out. In the past, states have left energy efficiency out of their emission reduction plans. Leonardo Academy has requested that the environmental protection agencies in each of the 22 states and the District of Columbia implement the Cleaner and Greener[®] Principles by including rewards for energy efficiency and renewable energy in their emission reduction plans.

If the owners of factories, buildings and houses that are the direct beneficiaries of this public policy improvement, and other health, environmental, energy efficiency and renewable energy organizations do not voice their support for including energy efficiency in emission reduction plans in each state, it will not happen. For this reason, Leonardo Academy is gathering letters of support from all types of organizations for the Cleaner and Greener[®] Principles.

Johnson Controls, Philips, and Trane have already agreed to support the Cleaner and Greener[®] principles and recognize that the implementation of these principles will benefit their customers as well as improve the environment.

Johnson Controls delivers energy efficiency for its customers through its Performance Contracting Business, Integrated Facility Management Business, and Building Controls Equipment Business. Johnson Controls delivers its services and products worldwide, with more than 500 offices in 43 countries, including offices in 45 of the 50 states in the United States, and in all but one of the provinces in Canada. Johnson Controls is the global leader in Integrated Facility Management and Consulting Services, managing over 1 billion square feet of facilities in over 35 countries worldwide. Johnson Controls is ranked 136 in the Fortune 500, and 399 in the Fortune Global 500.

Paul von Paumgarten, Director of Public Relations at Johnson Controls said, "Johnson Controls is continually working to help its customers capture the benefits of increased energy efficiency and implementing the Cleaner and Greener Principles will help our customers capture more of these benefits. Johnson Controls supports the Cleaner and Greener Principles for including energy efficiency, renewable energy, and emissions sequestration in emission reduction plans, programs, and regulation for all pollutants. Johnson Controls supports the implementation of these principles, on all levels of environmental regulation including the local, state and provincial, regional, national, and international levels."

Philips Lighting is headquartered in Somerset, NJ, and markets more than 3,000 lighting products to retail, industrial/commercial, consumer, and original equipment manufacturer (OEM) markets. Philips Lighting

produces a complete line of energy-efficient lighting products. Philips Lighting innovations have included ALTO® low-mercury lamp technology, the EarthLight® compact fluorescent lamp, QL Induction Lighting, and the halogen automotive headlamp. As part of the largest lighting company in the world, Philips Lighting employs almost 10,000 people in manufacturing, sales, and distribution facilities throughout the United States. Philips Lighting products are available nationwide in the US, Canada, and Mexico. Philips Lighting's parent company, Royal Philips Electronics, is ranked 55 in the Fortune global 500.

Paul Walitsky, Manager of Environmental Affairs at Philips Lighting Company said, "The Cleaner and Greener® program reinforces our Corporate Environmental Policy of supporting sustainable development. This policy works toward recognizing the environmental benefits of increased energy efficiency, renewable energy, and emissions sequestration. Philips Lighting Company believes that the Cleaner and Greener® Principles are sound and should be encouraged as states develop their implementation plans. As these plans are under development by 22 States and the District of Columbia, this is an opportune time for such support to be developed."

The Trane Company is a leading manufacturer of heating, ventilating, and air conditioning equipment systems and services, with more than 350 offices worldwide. The Trane Company manufactures equipment for both residential and commercial applications. The Trane Company manufactures home air conditioning and heating comfort systems for every size and type of home. Trane commercial air conditioning equipment and systems are used in buildings of all sizes and types, from small specialty stores to high rise office buildings. Among the more famous are the Statue of Liberty, White House, Disney World, and St. Louis Arch. Trane produces the EarthWise™ CenTraVac® which is the most efficient, lowest refrigerant emissions chiller in the world. The Trane Company's annual sales are approaching \$4 billion a year.

Eugene Smithart, Director of Environmental Affairs at the Trane Company said, "The Trane Company...supports the state NOx emission reduction plans outlined by Leonardo Academy's Cleaner and Greener Program. We believe that, as an industry, we need to look for the win-win opportunities for both business and the environment. Investing in energy efficiency is already one such opportunity. However, additional incentives, such as giving energy efficiency and renewable energy credit for their emission reductions, will help to bring focus on the importance and wisdom of making these investments."

The Cleaner and Greener Principles:

The Cleaner and Greener® Principles for air pollution emission reduction programs has two objectives: to achieve full recognition of the environmental benefits of increased energy efficiency, renewable energy, combined heat and power, and emission sequestration in all air pollution emission reduction programs, and to initiate this full recognition in the implementation plans for reducing nitrogen oxide that are being developed by 22 states and the District of Columbia between now and September 1999.

The Cleaner and Greener® Principles apply to emissions of all pollutants at all levels of environmental regulation, including the local, state and provincial, regional, national, and international levels. The Cleaner and Greener® Principles should be used for all emission reduction programs for nitrogen oxides, haze, particulates, mercury, greenhouse gases, and other pollutants, including the State Implementation Plans for

reducing nitrogen oxide emissions (NO_x SIPs) that are currently being developed.

The five principles are:

- 1) Include rewards for emission reductions from energy efficiency, renewable energy, combined heat and power, and emission sequestration (include sequestration for pollutants where sequestration is possible) from all implementers and owners of these projects in emission reduction programs.
- 2) Use a cap-and-trade approach to reducing emissions so that emission reductions from energy efficiency, renewable energy, combined heat and power, and emission sequestration receive their full market value.
- 3) Allocate enough emission reduction credits, and adjust allocation as needed over time, so all qualifying emission reductions from energy efficiency, renewable energy, combined heat and power, and emission sequestration can be rewarded.
- 4) Use a multiple pollutant emission reduction reporting system to report reductions of sulfur dioxide, nitrogen oxides, haze, particulates, mercury, greenhouse gases, and other pollutants. This makes it easy for implementers and owners of energy efficiency, renewable projects, combined heat and power, and emission sequestration to get credit for all emission reduction benefits they deliver.
- 5) Give credit for early emission reduction actions from energy efficiency, renewable energy, combined heat and power, and emission sequestration projects implemented 1990 or later.

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