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Media Advisory

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Secret EPA Analysis Shows Current Clean Air Act Better than Proposed "Cap and Trade" Scheme

Industry, not public, was privy to Bush plans that would increase pollution across US

(Austin, TX) – A secret U.S. Environmental Protection Agency analysis provided to top electric power company executives shows that the current Clean Air Act – if enforced – generally would produce fewer emissions than a national “cap and trade” pollution plan drafted by the Bush Administration’s EPA. The secret analysis says emissions in Texas and other high-pollution regions would be higher under the Bush plan.

The analysis stands in stark contrast to assurances by EPA Administrator Christine Todd Whitman that her plan would mean an improvement in air quality compared to current law.

"Once again the Bush Administration is meeting in secret with industry cooking up plans that will worsen air quality and threaten public health," said Peter Altman, Executive Director of the Texas based Sustainable Energy and Economic Development Coalition (SEED). Altman said the documents, obtained from the sources inside EPA, show that "the Bush 'cap and trade' approach means that some areas, including Texas, will end up with dirtier air than under existing law -- which is in complete contrast to what Whitman has said publicly and in contrast to what the President has promised."

The EPA is expected in the near future to propose gigantic new loopholes in current clean-air requirements for coal-fired power plants, refineries and other factories. Whitman has asserted that existing electric power requirements would be unnecessary and could be eliminated entirely under an EPA “cap and trade” plan.

Under such a plan, nationwide limits would be set for power company pollutants including sulfur dioxide, nitrogen oxides and mercury. Power companies would be given “credits” that they could buy and sell to each other. For example, a power company in Texas could increase its pollution if it bought “credits” from an Ohio company that reduced its pollution.

But the secret EPA analysis, presented September 18, 2001 to members of the Edison Electric Institute (an electric power industry trade association), shows that the EPA plan generally would mean worse air quality than if the agency enforced current law. EPA explained to the electric power company executives that they would have to spend less on pollution cleanup under the “cap and trade” plan than under current law.

The analysis shows that dangerous sulfur dioxide emissions from electric power plants would be lower in every part of the country under "business usual" (enforcement of the current Clean Air Act) than under the draft EPA plan to eviscerate much of current law and replace it with a national cap-and-trade plan. Future coal burning also would be less under current law, suggesting carbon dioxide emissions



would be less as well. The analysis shows that smog-forming nitrogen oxide emissions would be lower under current law in most areas with smog problems (the Northeast, the Midwest, the Southeast and Texas). In addition, mercury emissions from coal-fired electric power plants would be reduced more quickly under current law.

"The EPA is telling polluting electric utilities what is probably the truth and lying to the rest of us. This Administration developed its energy policy behind closed doors. Now, we see its secrets on bad environmental proposals. Americans should not stand for dirty air or dirty lies," said Robin Schneider, Director of Texas Campaign for the Environment.

Meanwhile, the Justice Department is expected soon to announce its decision on whether or not to pursue pending lawsuits and investigations involving "New Source Review." A key provision of the Clean Air Act, New Source Review requires power plants, refineries and other industrial facilities to upgrade their pollution controls when they expand or make "major modifications" to plants. New Source Review is the target of the huge new loopholes being prepared by the Bush Administration.

Past EPA investigations found massive and widespread violations of the New Source Review provisions. Currently 91 power plants and refineries around the U.S. are confirmed violators of these rules, and 318 have been under investigation. Court settlements have been reached in some New Source Review cases, collectively totaling billions of dollars. For example, Dominion Resources Inc., a Richmond, Virginia utility was set to sign an agreement with the Justice Department in which the company would pay \$1.2 billion for pollution control upgrades, but government lawyers have encouraged industries to wait until after the Justice Department review is finished instead of paying fines now. Similarly, ExxonMobil's Baytown refinery, the largest in the United States, was charged by the Department of Justice with violating the Clean Air Act twice and could dodge millions in fines if the Bush Administration drops the lawsuits.

"The EPA is supposed to protect our health, but their new proposals appears to fail in this regard. All too often poor communities bear the brunt of pollution and suffer the health effects disproportionately. The Administrations 'Cap and Trade' program will only amplify this effect," Altman added. "The Administration needs to get the message: Don't axe the Clean Air Act."

The Bush Administration froze the investigations of utilities, oil companies and other industries last spring and failed to release a report that was to follow the 90-day freeze of EPA investigations. The review was intended to answer questions by Vice President Dick Cheney's energy task force as to whether the law had been applied properly and whether flexible alternatives could be found that would help prevent legal sanctions for industries. The Justice Department was also instructed to look at the "legal soundness" of the Clinton crackdown on New Source Review violators.

"It appears that the Bush plan will undermine our state air quality plans and make it impossible to reach the air standards we need. Congressman Joe Barton, chair of the Energy and Air Quality Subcommittee, has a responsibility to fight for cleaner air for all of us but has yet to take a stand for strong standards that will protect our health, said Tom "Smitty" Smith, Director of Public Citizen's Texas Office.

View the EPA Plan on the SEED Coalition website at www.seedcoalition.org SEED Coalition has also set up a special fax hotline on the website to let the public tell Whitman how they feel about trading the Clean Air Act for a more polluting "cap and trade" plan.

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