

"CLEAN AIR PLANNING ACT OF 2002"

"CAP 2002" will produce significant environmental and public health benefits by reducing emissions from electrical generators.

Reductions in sulfur dioxide (SO₂) emissions will reduce the formation of fine particles that contribute to lung and heart disease. Sulfur dioxide emissions also contribute to acid rain and reduced visibility such as the haze that impedes visibility at many of our national parks.

Reductions in nitrogen oxides (NO_x) emissions will help to alleviate ground-level ozone formation, acid rain, and regional haze.

Reductions in mercury emissions will reduce local and distant deposition of mercury that has resulted in contamination of fish and impaired neurological development in infants.

Carbon dioxide (CO₂) is one of the greenhouse gases that contributes to climate change. The primary intent of the CAP 2002's CO₂ provisions is to develop a program with the appropriate infrastructure to begin to address gases that contribute to climate change.

"CAP 2002" facilitates planning for electrical generators by setting national emission caps:

NO_x Cap	SO₂ Cap	Mercury Cap	CO₂ Cap
<i>Current~5.4 M tons</i>	<i>Current~ 11 M tons</i>	<i>Current~ 48 tons</i>	<i>Current ~ 2.4B tons</i>
Cap: 1.87 M tons in 2008 1.70 M tons in 2012	Cap: 4.5 M tons in 2008 3.50 M tons in 2012 2.25 M tons in 2015	Cap: 24 tons by 2008 5-16 tons by 2012 (EPA to set cap)	Cap: 2005 levels by 2008 (~2.6B tons) 2001 levels by 2012 (~2.3B tons)

CAP 2002 establishes aggressive caps on SO₂, NO_x and mercury but implements these caps in phases that allow sources adequate time to meet them. It establishes caps on CO₂ at levels that do not require reductions in emissions that might impede economic growth. EPA would revisit the emissions targets for all four emissions 15 years after the date of enactment and could change the targets starting 20 years after the date of enactment.

"CAP 2002" allocates emission allowances to electric generating facilities in a manner that encourages efficiency:

NO_x, mercury and CO₂ allowances would be allocated based on electricity generated during a rolling 3 year period. This approach rewards generators that are able to produce more electricity while emitting fewer pollutants. SO₂ allowances are allocated using the methodology of the existing Title IV Acid Rain program but with provisions for allowances for new sources.

"CAP 2002" provides flexibility in meeting the emission caps:

Caps would be implemented using a market-based cap-and-trade program so that reductions may occur where they may be most efficiently achieved. Facilities that achieve early reductions or reduce emissions below the norm would benefit from being able to sell their excess allowances.

To avoid toxic hot spots, mercury trading would be limited by requiring each plant to either reduce mercury by 50% by 2008 (70% by 2012) or limit emissions to 4lb per TBtu (EPA to set 2012 rate). EPA would be required to impose additional controls in 8 years if these limits do not adequately protect public health and to report to Congress on the adequacy of controls on recaptured mercury.

The CO₂ cap may be achieved through reducing carbon emitted by power plants or with allowances earned through carbon sequestration and off-sector efficiency projects. An Independent Review Board would be created to certify projects as eligible for allowances.

"CAP 2002" provides regulatory reform:

With the significant and timely reductions in Mercury, SO₂, and NO_x, several existing federal regulatory programs expected to be commenced and implemented over the next 10 to 15 years would no longer be necessary, as the reductions contemplated in the CAP 2002 would "lock-in" emissions reductions that would be debated through several rule making processes such as the current mercury MACT and Regional Haze requirements.

CAP 2002 recognizes that some New Source Review requirements are redundant in the context of strong multi-emission legislation. New sources would remain subject to most new source requirements. Starting in 2008, substantial modifications to existing sources subject to the caps would be subject to NSR requirements only if they increase their emission rate or the modifications cost 50% of an equivalent new plant. The method of calculating some new source emission limits would be modified and the emission offset requirement would be eliminated.

Notwithstanding the caps, Federal and state authorities may order emissions from individual sources to be reduced to address local air quality problems:

Nothing in CAP 2002 would prevent states or localities from moving forward with further reductions in SO₂ or NO_x that are needed to protect public health in their communities and move to attainment of the air quality standards. It also would retain the states' ability to take action against power plants located in other states that contribute to nonattainment, such as was done in the Section 126 petitions in the Northeast.

CAP 2002 expressly provides for EPA to revisit the emissions targets for all four emissions 15 years after enactment and allows for changes to the targets starting 20 years after enactment.

CAP 2002 would explicitly recognize the Western Regional Area Partnership (WRAP) agreement to address regional haze. Generators in those states would be subject to CAP 2002's cap and trade program. Only if the WRAP agreements targets are exceeded would the WRAP's cap and trade program kick in and apply to facilities in states covered by the WRAP agreement.

FOR FURTHER INFO.: Contact Jim Reilly or Louis Eby in Senator Carper's office at 224-2441.

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