

## **Interstate Air Quality Proposed Rule Fact Sheet** **EPA Proposes an Interstate Air Quality Rule** **to Clean Up Air in Eastern US**

### **Action**

- \$ On December 17, 2003, the Environmental Protection Agency (EPA) proposed the Interstate Air Quality Rule designed to dramatically reduce and permanently cap emissions of sulfur dioxide (SO<sub>2</sub>), and nitrogen oxides (NO<sub>x</sub>) from electric utilities. The proposed Interstate Air Quality Rule focuses on states whose power plant emissions are significantly contributing to fine particle and ozone pollution in other downwind states in the Eastern US.
  
- \$ By addressing air pollutants from electric utilities in a cost effective fashion, EPA's proposal would protect public health and the environment without interfering with the steady flow of affordable energy for American consumers and businesses.
  
- C By achieving substantial emissions reductions of SO<sub>2</sub> and NO<sub>x</sub> across a multi-state region, the Interstate Air Quality Rule (IAQR) will be a key component of the Administration's plan to help states and cities across the country achieve national health-based air quality standards.
  
- C SO<sub>2</sub> and NO<sub>x</sub> contribute to the formation of fine particles and ground-level ozone B pollutants that, together, are associated with thousands of premature deaths and illnesses each year. These pollutants also contribute to acid rain and regional haze. Reducing emissions of these pollutants will significantly address these health issues, in addition to improving visibility and protecting sensitive ecosystems.
  
- C The proposed rule would cover a total of 29 states and the District of Columbia. In this proposal, EPA finds that air pollution emissions from 28 eastern states and the District of Columbia contribute to unhealthy levels of fine particles. In addition, the proposal finds that 25 eastern states and the District of Columbia contribute to unhealthy levels of 8-hour ozone in other downwind states. (See list of states below.)
  
- The proposed rule includes an alternative analysis to help determine what cutoff should be used in deciding which states would be significantly contributing to particle pollution problems in downwind areas. Under this alternative cutoff, two additional states -- North Dakota and Oklahoma -- would be covered by the rule. The proposal includes emissions budgets for these two states, as well as the others covered by the rule.
  
- C Based on an assessment of the emissions contributing to interstate transport of air pollution and available control measures, EPA has determined that controlling emissions from power plants in the identified states would be highly cost effective.
  
- C States could meet the proposed emissions reductions using one of two options for

compliance: 1) requiring utilities to participate in an interstate cap and trade system that caps emissions, or 2) meeting an individual state emissions budget through measures of the state's choosing.

- C The proposed cap-and-trade program would reduce power plant SO<sub>2</sub> emissions by approximately 3.6 million tons in 2010, across states covered by the rule, with reductions ultimately reaching more than 5.5 million tons annually. When fully implemented, NO<sub>x</sub> emission reductions also would be substantial, measuring about 1.5 million tons in 2010 and 1.8 million tons in 2015.
- C In a separate but closely related action, EPA proposed options for controlling mercury emissions from electric utilities. Together the mercury proposal and the Interstate Air Quality Rule create a multi-pollutant strategy to improve air quality throughout the United States.
- C EPA will take comments on the proposed Interstate Air Quality Rule and the related mercury proposals for 60 days after publication in the *Federal Register*. EPA intends to hold two public hearings on these proposed control options.

### **Cap-and-Trade Basics**

- \$ The proposed Interstate Air Quality Rule would establish a cap-and-trade system for SO<sub>2</sub> and NO<sub>x</sub> based on EPA's proven Acid Rain Program. The Acid Rain Program has produced remarkable and demonstrable results, reducing SO<sub>2</sub> emissions faster and cheaper than anticipated, and resulting in wide-ranging environmental improvements.
- \$ Under the cap-and-trade approach in these rulemakings, EPA would allocate amounts of emission allowances for SO<sub>2</sub> and NO<sub>x</sub> to each state. The states would distribute those allowances to affected sources, which could trade them. As a result, sources would be able to choose from many compliance alternatives, including: installing pollution control equipment; switching fuels; or buying excess allowances from other sources that have reduced their emissions. Because each source must hold sufficient allowances to cover its emissions each year, the limited amount of allowances available ensures required reductions are achieved.
- \$ The mandatory emissions caps, coupled with significant automatic penalties for noncompliance, would ensure that human health and environmental goals are achieved and sustained. At the same time, stringent emissions monitoring and reporting requirements make flexibility possible. The flexibility of allowance trading creates financial incentives for electricity generators to look for new and low-cost ways to reduce emissions and improve the effectiveness of pollution control equipment.

### **Reducing SO<sub>2</sub> and NO<sub>x</sub>**

- C EPA established more protective fine particle and 8-hour ozone national air quality standards in 1997. Litigation and the need to establish a nationwide air monitoring system for fine particles delayed the implementation of these standards, but implementation is now moving forward.
- C Many sources contribute to levels of fine particle pollution and ozone that exceed national air quality standards. Some of these pollutants may originate hundreds or thousands of miles from the areas where violations are detected. The Clean Air Act's Good Neighbor provisions require states to eliminate emissions that substantially contribute to dirty air in downwind states.
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- C Under the Clean Air Act, states are required to submit plans to EPA within three years after the Agency revises a national air quality standard. Among other requirements, these plans must limit emissions in states that contribute significantly to unhealthy air downwind.
- C EPA's analysis of ambient air quality data from 2000 through 2002 indicates that many areas across the eastern United States experienced concentrations of fine particle pollution and ozone that exceed the annual fine particle and 8-hour ozone national air quality standards.
- C Although states have not yet developed plans for meeting the national air quality standards for fine particle pollution and 8-hour ozone, EPA's analyses show that even substantial local emissions controls still would leave many areas with unhealthy air in 2010.
- C Requiring reasonable controls for both upwind and local emissions sources should result in achieving healthier air quality at reduced costs than a strategy that relies solely on local controls.

**For More Information**

- C For information on the proposed Interstate Air Quality Rule, visit [www.epa.gov/interstateairquality/](http://www.epa.gov/interstateairquality/)

### **States Covered by the Interstate Air Quality Rule**

(states listed are controlling for both particle pollution and ozone unless otherwise noted)

Alabama

Arkansas

Connecticut (ozone only)

Delaware

Florida (particle pollution only)

Georgia

Illinois

Indiana

Iowa

Kansas (particle pollution only)

Kentucky

Louisiana

Maryland

Massachusetts

Michigan

Minnesota (particle pollution only)

Mississippi

Missouri

New Jersey

New York

North Carolina

Ohio

Pennsylvania

South Carolina

Tennessee

Texas (particle pollution only)

Virginia

West Virginia

Wisconsin

District of Columbia