



### *This Week in Review – July 25-29, 2005*

(1) **House and Senate Approve Energy Bill (July 28-29, 2005)** – Beginning Monday afternoon and working into the early hours of Tuesday morning, House and Senate conferees completed work on a 1,725-page energy bill, which was subsequently approved by the House of Representatives on Thursday, by a vote of 275 to 156, and by the Senate on Friday, by a vote of 74 to 26. Notably absent from the bill are two provisions opposed by STAPPA and ALAPCO: 1) ozone “bump-up” language, which would have extended attainment dates for downwind ozone subpart 2 nonattainment areas and 2) “refinery revitalization” language, which would have superceded state and local air agencies’ authority to permit sources of air pollution by transferring to the U.S. Department of Energy authority for permitting refineries located in areas designated as “refinery revitalization zones.” The ozone bump-up language, originally added to the House energy bill by Rep. Joe Barton (R-TX), was rejected by Senate conferees, while the refinery revitalization language was never offered as an amendment by House conferees in conference. Among other actions taken during the last round of negotiations were conferees’ rejection of Senator Jeff Bingaman’s (D-NM) proposed 10-percent renewable portfolio standard by 2030; and acceptance of House bill language limiting the number of “boutique fuels” that states can adopt to the total number that were approved in SIPs as of September 1, 2004 (STAPPA and ALAPCO opposed this “reduction in the proliferation of boutique fuels” language). An attempted deal to provide for an MTBE liability waiver and funding for the clean-up of MTBE contamination fell apart in the last days of negotiations; the bill also does not include an MTBE ban. Also with respect to motor vehicles and fuels, the bill provides for a 7.5-billion gallon renewable fuel standard in 2012 and adds Senator George Voinovich’s Diesel Emissions Reduction Act, authorizing \$1 billion over five years for grants and loans to states and others for programs and projects to reduce emissions from diesel engines. With respect to climate change, the President is called upon to establish a Committee on Climate Change Technology to coordinate federal climate change technology activities and programs and develop a national strategy for deploying and commercializing technologies and practices that reduce greenhouse gas (GHG) intensity (the amount of GHGs released per unit of economic output). The bill also includes language directing the Secretary of State to provide assistance to developing countries specifically for projects that reduce GHG intensity and language to promote the export of U.S. technology that reduces GHG intensity. The bill does not, however, include Senate language that would have established a government program to promote GHG reduction technologies in the U.S. by providing government

loans and loan guarantees and other forms of financial assistance to the private sector. A 10-year, \$14.6 billion tax package is also part of the bill. [For further information: Air Web – In the News and Energy Committee pages – and [energycommerce.house.gov](http://energycommerce.house.gov) and [energy.senate.gov/public](http://energy.senate.gov/public)]

**(2) Transportation Conferees Complete Bill (July 29, 2005)** – Transportation conferees reached agreement on a bill reauthorizing federal highway, public transportation, highway safety and motor carrier safety programs. The bill succeeds TEA-21, which expired at the end of FY 2003, but which has since been repeatedly extended as Congress sought to reach agreement on a new measure. The new bill includes several changes to the transportation conformity and Congestion Mitigation and Air Quality Improvement (CMAQ) programs. Among them is a provision allowing a Metropolitan Planning Organization, after consulting with the air pollution control agency and soliciting and considering public comments, to reduce the conformity horizon for the transportation plan from 20 years to 10; the provision also calls for a regional emissions analysis for additional years in the transportation plan beyond the 10-year horizon. Among the changes made regarding CMAQ is the addition of 8-hour ozone areas to the CMAQ apportionment formula. Further, the bill makes onroad and nonroad diesel retrofit projects eligible for CMAQ funding and, in addition, calls upon states and MPOs in nonattainment and maintenance areas that receive CMAQ funds to give priority to diesel retrofits. The bill also authorizes EPA's Clean School Bus Program. In its last vote before adjourning for the August recess, the House approved by a vote of 412 to 8, the \$286.4 billion transportation bill. The legislation guarantees that all states will receive at least a 92 percent rate of return on their contributions to the Highway Trust Fund by 2008 -- a provision that was a priority for "donor" state lawmakers. Under the existing law, states are guaranteed a 90.5 percent rate of return on their contributions. The bill also contains about \$50 billion for transit and \$6 billion for safety programs. The Senate is expected to approve the bill later today or tomorrow before leaving for the August recess. [For further information: [www.house.gov/rules/109textTEALU.htm](http://www.house.gov/rules/109textTEALU.htm)]

**(3) EPA Agrees to Deadline for Final MSAT Standards (July 22, 2005)** – EPA agreed to issue final mobile source air toxics standards (MSAT) by February 9, 2007. The commitment, which also includes a February 28, 2006 deadline for proposing standards, was made as part of a consent decree reached with Sierra Club and the U.S. Public Interest Research Group. The consent decree is the result of a lawsuit filed by Sierra Club and U.S. PIRG in the District Court for the D.C. Circuit on January 21, 2004, due to EPA's failure to propose by July 1, 2003 and finalize by July 1, 2004 any MSAT standards "that the administrator determines are appropriate," as the agency promised in a 2001 rulemaking.

**(4) Bill Wehrum Named Principal Deputy Administrator of EPA OAR (July 26, 2005)** – Jeff Holmstead, EPA Office of Air and Radiation (OAR) Assistant Administrator, announced that Bill Wehrum has been named Principal Deputy Administrator of OAR; Wehrum has served as Counsel to Holmstead for the past nearly four years. Rob Brenner, who has been serving as both Principal Deputy

Assistant Administrator and Director of OAR's Office of Policy Analysis and Review (OPAR), will return full time to his OPAR position.

**(5) EPA Issues Final Rule Identifying Areas for Which 1-Hour Ozone Standard is Revoked (July 26, 2005)** – EPA issued a final rule identifying areas for which the 1-hour ozone standard is no longer applicable. The rule codifies the revocation of the 1-hour standard for those areas with effective 8-hour ozone designations. EPA is revising the 1-hour ozone tables in 40 CFR part 81 to indicate for which areas the 1-hour standard has been revoked, but EPA is retaining the 1-hour ozone designation and classification status as of the time of the effective date of designation for the 8-hour ozone standard for purposes of EPA's anti-backsliding regulations at 40 CFR 51.905, which apply after revocation of the 1-hour ozone standard. Since Early Action Compact (EAC) areas had their 8-hour ozone designations deferred, the 1-hour ozone standard still applies to the 14 EAC areas. The rule also makes two technical corrections to the last sentence in 40 CFR 51.905(c)(1). The rule will be effective 30 days after it is published in the *Federal Register*. [For further information: Air Web – Criteria Pollutants Committee page]

**(6) Peacock Confirmed as EPA Deputy Administrator (July 28, 2005)** – The Senate has confirmed Marcus Peacock as Deputy Administrator for the U.S. Environmental Protection Agency. Prior to his confirmation, Peacock served as the chief budget officer at the White House for environment and energy. He will now run the day-to-day operations at the Agency. Senate confirmation came following a week where Peacock's nomination had been blocked from floor consideration by at least one anonymous "hold." No Senators came forward publicly to oppose the appointment. Nominations to EPA's Enforcement and Solid Waste offices are still on "hold."

**(7) Top GHG-Emitting Power Plants in Northeast Identified (July 27, 2005)** – A report by the Environmental Advocates of New York identifies the top 10 CO<sub>2</sub>-emitting plants in the Northeast, noting that these plants accounted for about one-third of the total CO<sub>2</sub> emissions from the region's electric power sector in 2004. These plants are also the largest sources in the region of criteria air pollutants, accounting for 90 percent of the region's SO<sub>2</sub> emissions and 81 percent of the region's NO<sub>x</sub> emissions in 2004. The authors recommend a regional cap that reduces greenhouse gas emissions to 25 percent below current levels by 2020. [For further information: [www.eany.org/reports/MoreHeatThanLight.pdf](http://www.eany.org/reports/MoreHeatThanLight.pdf)]

**(8) California Requires Onboard Diagnostics on Heavy-Duty Vehicles (July 21, 2005)** – Beginning in 2012, onroad heavy-duty engines in California will be required to install onboard diagnostic systems, under a rule adopted by the California Air Resources Board. The state anticipates that the new regulation, for which full compliance is required by 2016, will reduce NO<sub>x</sub> emissions from heavy-duty trucks and buses by nearly 110 tons per day by 2020. [For further information: [www.arb.ca.gov/newsrel/nr072105.htm](http://www.arb.ca.gov/newsrel/nr072105.htm)]

**(9) Port of Los Angeles Approves MOUs for Three Emission Reduction Projects (July 25, 2005)** – The Board of Harbor Commissioners for the Port of Los Angeles approved Memoranda of Agreements with three local companies that will repower maritime equipment. Under the agreements, International Cargo Equipment, Southern California Bait Company of San Pedro and San Pedro Pride will replace older, higher-polluting equipment with cleaner, lower-emitting engines. The Port of Los Angeles estimates that the actions will reduce particulate emissions by 18 tons and NO<sub>x</sub> emissions by 221 tons. The projects are being undertaken as part of the Port's Air Quality Mitigation Program, a five-year \$20-million program to provide financial incentives to harbor-area businesses that undertake efforts to reduce emissions from their operations; the Air Quality Mitigation Program will grant \$363,000 to the three projects under the recently approved MOUs. [For further information: [www.lacity.org/portofla/newsroom\\_Press.htm](http://www.lacity.org/portofla/newsroom_Press.htm)]

**(10) EPA Issues 2005 Fuel Economy Trends Report (July 28, 2005)** – EPA has released its annual report, "Light-Duty Automotive Technology and Fuel Economy Trends: 1975 Through 2005." The report provides data on the fuel economy and performance characteristics of light-duty vehicles (cars, vans, sports utility vehicles (SUVs), and pickup trucks) for model years 1975 through 2005. For the past decade, fuel economy has been relatively constant ranging from 20.6 to 21.0 mpg. Model year 2005 vehicles are estimated to average 21.0 mpg, 0.2 mpg higher than 2004 and 2003 but five percent below the fleet-average fuel economy peak value of 22.1 mpg achieved in 1987. [For more information: [www.epa.gov/otaq/fetrends.htm](http://www.epa.gov/otaq/fetrends.htm)]

**(11) U.S. Enters Partnership to Reduce GHG Emissions (July 28, 2005)** – Deputy Secretary of State Robert Zoellick has announced that the U.S. will enter into partnership with Australia, China, India, Japan and the Republic of South Korea to reduce emission of greenhouse gases (GHGs) through the development and transfer of cleaner and more efficient technologies. The announcement was made during a meeting in Laos of the Association of South-East Asian Nation Forum. The agreement, known as the Asia-Pacific Partnership on Clean Development and Climate, does not set specific targets or time frames for reducing GHG emissions; rather, it promotes the development of cleaner technologies and provides participants a framework to develop and manage climate change programs within their region. Officials from these six countries will meet again in November in Australia to draft a charter. [For further information: Air Web – Global Warming Committee page]

## *The Week Ahead*

- STAPPA and ALAPCO Boards of Directors and Committee Chairs Summer Meeting, in Seattle, Washington – July 30-August 1, 2005

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