



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C. 20460

APR 21 2005

THE ADMINISTRATOR

The Honorable James Jeffords
United States Senate
728 Hart Senate Office Building
Washington, DC 20510-1004

Dear Senator Jeffords:

As we have discussed, to address the interest in having a common platform for the analysis of the major multi-pollutant legislative proposals, I am prepared to direct EPA staff to conduct analysis on the following proposals: (1) S. 131, the President's Clear Skies proposal as introduced by Chairman Inhofe on January 24, 2005; (2) the Managers' amendment introduced by Chairman Inhofe and Senators Voinovich and Bond on March 9, 2005; (3) S. 843, the Clean Air Planning Act, introduced by Senator Carper on April 9, 2003; and (4) S. 150, the Clean Power Act, introduced by Senator Jeffords on January 25, 2005. EPA will provide information projecting the economic, public health and environmental effects of the four multi-pollutant legislative proposals and will use the same models, techniques and assumptions.

EPA will analyze each bill for the years 2010 and 2015. These years have been selected because they correspond to the years that were analyzed in the most recent comprehensive air quality modeling conducted by the Agency in conjunction with the Clean Air Interstate Rule.

For each legislative proposal, EPA will provide projections of the following information:

1. The costs of the bill;
2. The fuel mix for electricity production;
3. Henry-hub natural gas prices;
4. Average mine mouth coal prices;
5. Regional electricity prices;
6. Emission allowance prices;
7. National and regional coal production;
8. The response of electric generating facilities (e.g., capacity retrofitted with pollution control equipment);
9. National and state-by-state emission levels for SO₂, NO_x, and mercury;
10. National aggregate CO₂ emissions;
11. Public health and environmental benefits of each bill (such as total monetized health benefits, premature mortality benefits, visibility benefits expressed in changes in deciviews); and

12. The effect of each bill on nonattainment areas (i.e., for each current nonattainment area, EPA will list the counties in the area and project whether the area comes into attainment with the ozone and PM2.5 National Ambient Air Quality Standards, and the design value of each area).

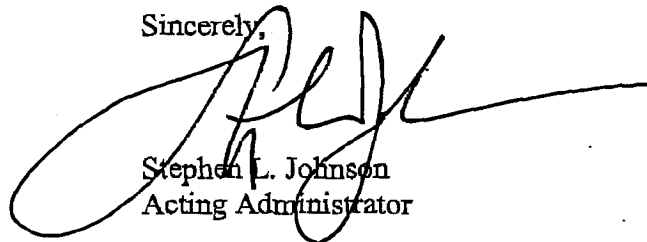
I have been advised that certain provisions in each of the bills would be difficult, if not impossible, to model accurately. Therefore, EPA will not attempt to model the following provisions (for the reasons set out in parentheses):

1. Opt-ins, compliance extensions, and mercury risk-based provisions contained in S. 131 and the Inhofe-Voinovich-Bond amendment. (EPA does not have a modeling tool that would predict what facilities would voluntarily opt-in or seek compliance extensions or when such actions would occur; the mercury-risk based provisions would require additional and extensive single-source modeling after initial model outputs).
2. Allowance allocation updating provision contained in S. 843. (Present EPA models are not adequate to address this provision and cannot forecast the effects of reallocating allowances over time).
3. Provisions for the assignment of allowances to stakeholder groups and the public contained in S. 150. (Models do not exist for this unique provision).

In order to provide the information outlined above, EPA will utilize updated baseline information, the Integrated Planning Model (IPM), and interpolation and extrapolation using the results of the IPM runs. I understand that this modeling work will take six to eight weeks to complete; I will provide this information to the Committee as soon as it is available.

I continue to believe that getting Clear Skies legislation to the President's desk is of utmost importance. The Senate Environment and Public Works Committee and the Congress have been debating multi-pollutant legislation for a number of years. Over the course of this time, the Committee has conducted more than twenty hearings and has received a substantial and significant amount of analytical information. I am hopeful that this new information will help us reach the goal set out by the President. I look forward to hearing of your interest in this information.

Sincerely,



Stephen L. Johnson
Acting Administrator

cc: The Honorable James Inhofe
Chairman, Committee on Environment and Public Works
The Honorable Thomas Carper
The Honorable George Voinovich