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Clean Air (1 of 3) (1990) [6]

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Clean Air file

THE WHITE HOUSE

WASHINGTON

May 22, 1989

MEMORANDUM FOR DAVID DEMAREST

FROM: KEN YALE KY

SUBJECT: Clean Air Act

ISSUE: Status of the Clean Air Act in the Domestic Policy Council.

BACKGROUND:

- o The Domestic Policy Council has held a number of meetings, some with the President, to consider and refine issues involved in creating a clean air legislative proposal. Two more meetings are anticipated to work through remaining issues.
- o The Clean Air Act (CAA) was last amended in 1977. Due to controversial issues, it has been difficult to amend since then. The new Administration and changes in Congress have created a window of opportunity for clean air legislation.
- o In his February 9 statement to the Joint Session of Congress, the President committed the Adminstration to sending a Clean Air proposal to Congress.
- o The Congress has introduced several clean air proposals.
- o Issues that can be addressed in a CAA include: controls for acid rain and toxic air pollutants, and ways to resolve nonattainment of air quality standards by many areas of the country.
- o The DPC Working Group on Environment, Energy and Natural Resources (EENR) has reviewed options papers on these issues, and some members of the group have held meetings with key Congressional leaders and interest groups on this issue.
- o It is anticpated that the DPC will finish discussions on a Clean Air Act proposal by June 5 and the President will announce his proposal by June 8.
- o Others in the White House who you should consider contacting if you need more information include: Bob Grady and Nancy Maloley.

cc: David Bates

ACID RAIN

"Acid rain" occurs when sulfur dioxide (SO2) and nitrogen oxide (NOx) emissions undergo a chemical change in the atmosphere and return to the earth. There is debate over the damage cause by acid rain.

Around 20 million tons of SO2 are emitted annually in the U.S., three-quarters from the burning of fossil fuels by electric utilities, 20 percent from other, more widely dispersed industrial sources, and 5 percent from transportation sources. The source of most SO2 emissions causing acid rain are old (pre-1971) plants, not subject to the Clean Air Act's strict emissions requirements. The 50 largest power plants are responsible for about half of the SO2 emissions. About 20 million tons of NOx are emitted per year, with transportation sources accounting for half.

Legislation would attempt to reduce emissions of SO2 and NOx. Issues that could be addressed by any legislative proposal includes:

-- <u>Amount of reductions</u> in emissions of Sulfur Dioxide ("SOx") and nitrogen oxides ("NOx")
-- <u>Timing</u> of reductions
-- The <u>allocation</u> of emissions reductions to their industrial sources
-- <u>Trading</u> between industrial sources of permits to emit "SOx" and "NOx"
-- Incentives to encourage adoption of new technologies that produce less pollution when coal is burned (<u>Clean Coal Technologies</u>)

The issues which historically have caused a stalemate on acid rain legislation are: the impact on high-sulfur coal producers and coal mining employment, and electricity rates in states with utilities affected by acid rain controls. States most affected by acid rain legislation are Ohio, Indiana, Illinois, Western Pennsylvania, Northern West Virginia, and Western Kentucky.

High-sulfur coal mining jobs will be lost if tightened emission standards cause utilities to switch to other fuels (eg. low-sulfur coal, natural gas). Job gains in low-sulfur coal areas would accompany, but not directly replace, job losses in high-sulfur coal communities. Options that encourage the use of scrubbers or clean coal technology could mitigate the effect of job losses in high-sulfur coal communities.

Scrubbers use a water spray to trap pollutants from plant emissions. They reduce the need to switch fuels to reduce emissions, and thus can protect high sulfur coal producers and mining jobs. However, they are expensive and a large investment in scrubbers by a plant will discourage investment in innovative clean coal technology, which burns coal with reduced emissions and greater efficiency. The U.S. has invested $5 billion in clean coal technology research.

Any acid rain control program will increase electricity rates for affected utilities. Proposals with greater flexibility will result in smaller rate increases.

Various options have been considered by the Domestic Policy Council. They differ in four major issue areas: the size of emissions reductions, the need for a first phase of reductions, trading of permits to emit pollutants, and the process for allocating reductions to emission sources.

Under any acid rain control program, there could be a system of permits to allocate required emissions reductions among utilities. A market could also be created for trading these permits. A utility able to reduce more economically, below the level required by its permit, could sell the surplus to another plant. This would increase flexibility, and reduce costs, by allowing whichever source of emissions that is able to achieve the reductions at least cost to undertake the actual reductions.

AIR TOXICS

Since 1974, EPA has been required to set health-based emission standards for hazardous air pollutants. These pollutants can cause cancers and other adverse health effects. An estimated 1500 to 3000 fatal cancers occur each year from toxic air emissions. Motor vehicle emissions cause half of these deaths, the rest are from industrial and chemical plant emissions (stationary sources). Motor vehicle emissions will also be dealt with in the "non-attainment of air quality standards" section of an Administration proposal.

The current law is unworkable. Section 112 of the Clean Air Act requires EPA to protect public health and the environment "with an ample margin of safety." The statute provides little regulatory discretion to interpret this standard, making it impossible to implement and subject to much litigation. As a result, since its enactment, EPA has promulgated only seven regulations controlling toxic air pollutants. By contrast, 60 to 80 chemicals could initially be regulated under revised legislation and there are 280 known or suspected toxic air pollutants.

A recent court decision brought the program to a standstill by requiring creation of "safe levels" to guard against health risks, without regard to cost or technical feasibility of controls required. Implementation of that decision could shut down some industries.

Other statutes and proposed legislation to control smog (ozone) will reduce some toxic air pollutants and their health risks. Regulation under Section 112 is needed to address the remaining health risks, caused mainly by emissions from large plants and smaller "area wide" sources (eg. gas stations and dry cleaners). Without new legislation many toxic air pollutants would not be controlled, and the courts would be used to regulate them, instead of the Executive Branch.

Several principles were used in considering alternatives. Reduction of emissions that pose a significant health risk is key. Also important is flexibility in the statute and maximum discretion to the EPA in setting standards. In addition, a proposal should be a comprehensive, long-term approach that could lead to additional reductions as more information becomes available. Finally, the proposal should provide incentives to encourage industries to make reductions on their own.

Major issues that have been the focus of discussions include: the cost effectiveness of emissions reductions, the standard used to regulate emissions, the need for regulatory flexibility, and consideration of economics and technical feasibility in promulgating regulations.

NONATTAINMENT

The nonattainment problem today is in fact a series of separate but related problems. Pursuant to the Clean Air Act, EPA has established air quality standards for six different air pollutants. Although these standards were established in th early 1970's, a large number of Americans live in areas which still fail to meet the health-based standards for ozone, carbon monoxide and particulate matter. As of June 1988, there were 68 areas failed to meet the ozone standard, 59 areas failed to meet the carbon monoxide standard, and approximately 70 areas were unlikely to meet the new particulate matter standard. Of those 70, we expect 20-25 will be long term problem areas for particulate matter. The data from the summer of 1988 will add approximately 30 new areas to the list of areas not meeting the ozone standard.

Approximately 75-110 million Americans live in areas that fail to meet one or more of these standards. The observed health and welfare effects of elevated levels of these pollutants are serious. For ozone, health effects include acute lung function impairment, increased susceptibility to lung infection and permanent lung structure damage, while welfare effects include decreased crop yields, materials damage and forest and other ecological damage. The health effects of carbon monoxide range from fatigue, nausea, and reduced work capacity to fetal effects and impairments in the learning ability of children. For particulate matter, health effects include premature mortality in elderly and ill persons, long-term decreases in lung function, increased respiratory illness, and toxic effects due to the toxic components of particulate. Visibility impairment is the chief welfare effect of particulate matter.

Nonattainment has been a persistent problem for a number of reasons, including:

- the chemistry of ozone formulation and transport is more complex than was originally understood
- inadequate models
- inadequate inventories
- control measures were not as effective as predicted
- growth overwhelmed control measures
- lack of political will, at all levels of government, to make significant lifestyle changes

In addition to these problems, the current law does not address the questions of when areas should be required to attain the standards after passage of the 1987 deadline in the current law, what sanctions should be available to EPA for areas that fail to fulfill their planning or implementation obligations, whether there is an appropriate role for federal implementation plans when states fail to develop adequate plans, and whether and how to address the issue of ozone transport. There are also issues concerning which, if any, nationally applicable measures should be legislatively mandated, whether clean fuels programs should be required at the state and/or federal level, and, if such programs are required, what form they should take.

The nonattainment problem is more complex than the acid rain or air toxics problems. It will also be more expensive to resolve. Current acid deposition control proposals involve placing controls on several hundred sources at costs ranging from $3-4 bilion per year by 2000. Resolving the nonattainment problem will involve literally millions of sources of various size and could easily cost three to four times the cost of an acid deposition control program. Nonetheless, it is a critical national problem affecting a significant portion of the U.S. population and a legislative solution is necessary.

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

THE ADMINISTRATOR

ENVIRONMENTAL PROTECTION IN THE BUSH ADMINISTRATION: MEASURES BY WHICH TO JUDGE US

William K. Reilly

Administrator

U.S. Environmental Protection Agency

Remarks before

the National Press Club

Washington, D.C.

April 20, 1989

Before I begin my more formal remarks, I'd like to take this opportunity to announce the results of a recent EPA study. Based on measurements taken in 3000 schoolrooms in 16 states, it appears that elevated levels of radon gas can be found in schools throughout the United States. This finding is particularly troublesome because of the nature of the radon risk, and the potential vulnerability of children exposed.

Therefore, I am recommending that schools nationwide be tested for radon, and that schools prepare to take remedial actions depending on the levels of radon found. As a first step to help the nation's schools address this problem, EPA has published guidance on how schools can measure radon, and how they can reduce exposures. This guidance is now available from the Agency.

I wanted to make this announcement personally, because it is important that school administrators nationwide understand both the seriousness of the risk, and the relative simplicity of testing for and fixing the problem. The risks posed by radon gas are very real. But with a little thoughtful effort, we can solve this problem with relative ease.

As you know, radon is a well-recognized health risk. We estimate that lifelong exposure to a radon concentration of 4 picocuries per liter of air has a risk equal to smoking half a pack of cigarettes a day. Studies indicate that indoor exposure to radon may cause up to 20,000 lung cancer deaths a year -- second only to smoking.

During its survey of 130 different schools, EPA found that about half of them had at least one room with radon concentrations about 4 picocuries. And radon levels over 20 picocuries were found in about 3 percent of the rooms. Although the small number of test schools was not selected randomly -- and I want to emphasize that point -- we believe that elevated levels of radon may be as prevalent in schools nationwide as in homes.

Fortunately, this problem is much more tractable than most. Concentrations of radon can be measured reliably and at low cost. It problems are found, they can be fixed -- in most cases -- with relatively simple, inexpensive steps like better ventilation and better maintenance.

So it's important that school systems begin planning to test for radon next winter. And it's important that they begin planning to take action if radon levels are unacceptably high.

I chose to make this announcement at the National Press Club for two reasons. First, the radon problem, like so many others, is going to be solved through actions taken in every community across the country. So every community needs to hear about the problem and understand it. And there's no better way to talk to communities from coast to coast than through the national press.

But I also wanted to announce it here because, for better or worse, you pronounce the public judgement on EPA's efforts to protect the environment. You not only write the news, you also evaluate it.

In fact, one of the interesting things I have noticed in my 10 weeks as EPA Administrator is how often the press conducts "tests" to determine whether this is really going to be an environmentalist Administration. Each week I seem to read of yet another test. How will we handle a pesticide named Alar and the great apple scare? Where will we come out on a dam called Two Forks in Colorado? Will we propose a ban on ozone-destroying chlorofluorocarbons? Will we tighten automobile fuel efficiency standards? Will the federal environmental budget grow faster than expenditures in other areas? Will we federalize the Alaskan oil cleanup? Will we abandon oil exploration in the Arctic National Wildlife Refuge? Will we stop shipping hazardous waste to developing countries? Will we propose a tough new Clean Air Act? Will we act to stop the destruction of wetlands in America?

Even as we resolve one issue, another is added. Inexplicably, the pending decision frequently is described as "the first big test of the Bush Administration," irrespective of the results of the last "big test."

I sometimes feel as though I'm back in school in a period of perpetual final exams.

Yet I find all this somewhat encouraging. It suggests that the people -- or at least the press -- are ready to believe we really may mean what we say. It indicates that even demanding critics like environmentalists believe the President may have meant it when he promised leadership on the environment, and when he called himself an environmentalist.

I appreciate your openness in setting the standards against which you propose to measure us. But I do not believe these early tests are the ultimate measure of our success. And so I would like to use this occasion to suggest some of my own measures of success. I would like to lay before you a set of propositions to which we can all return some years from now and ask: how did we do? Did we achieve our goals? Did we succeed?

First, let me paint in the background. The United States has come a long way since President Nixon signed the National Environmental Policy Act of 1969 and proclaimed the 1970s "the decade of the environment." As a society we made numerous commitments and huge investments in bringing pollution under control, in reducing the assaults on our air and water and land. Our cities today are subject to less air pollution. Our lakes and rivers are holding their own, and many are again swimmable and fishable. The improved environment was a genuine if unsung success story of American life in the 1970s.

Nevertheless, we now face a crisis of accumulating waste here at home, and an accelerating devastation of nature abroad.

Together they threaten not only to cancel the gains we have made, but to destabilize the very planet we live on. The 1990s will be a decade of decision for the environment. We must decide whether we will arrest the wasteful and destructive practices that threaten to alter the climate, wreak havoc with natural systems, wipe out countless species of plants and animals, and render much of this earth a poisoned, impoverished, and forbidding place.

Consider the global realities. Five of the 10 warmest years on record occurred in this decade. A temporary warming cycle? Maybe. But carbon dioxide in the atmosphere has increased 25 percent in 100 years. Something significant may be occurring. We dare not ignore it. EPA scientists estimate that if we don't act to reduce greenhouse gases, worldwide temperatures will rise at least 2 to 3 degrees centigrade by the year 2050. Such an increase would bring enormous changes in climate, rainfall, agricultural productivity, and sea level.

A second global reality is this: barring some dramatic reversal in current trends, the next decade will witness the extreme contraction of most of this earth's remaining tropical forests. Gone with them will be the rich abundance of plants and animals they harbour. It seems astonishing that 6 percent of the planet's land area could be home to almost half the earth's species, but such is the incomparable richness of tropical forests, these vast libraries of medicinal plants and useful genetic materials, so many likely to vanish before they even have names. And deforestation also accounts for about a fifth of the climate-altering greenhouse gases.

The more urbanized areas of the developing world, including much of Eastern Europe, are increasingly awash in pollution and waste. Many great cities face dangerously unhealthy air, toxic substances accumulating in their groundwater, and the prospect of catastrophic accidents involving hazardous materials.

These three international issues -- climate change, destruction of tropical forests, and toxic pollution in developing countries -- these are issues of the utmost seriousness. The degree to which the United States contributes to ameliorating these three problems will be, I believe, a demanding yet plausible test of the Bush Administration's environmental record.

Obviously, we cannot solve these problems in 4 years, or even 10. We cannot solve them alone. But we can lead the world community down a new path toward peace with nature. By our example and with our encouragement, I believe this nation can lead the campaign to restabilize the planet.

We have already begun. Secretary of State Baker, in the first speech of his tenure, unequivocally stated this country's intentions to cooperate with other nations to assess and manage human-induced alterations in climate. President Bush then committed the United States to a full phaseout of ozone-destroying CFCs and halons by the end of the century, provided safe substitutes are available.

There is a fortunate and persuasive coincidence between the policies we need to undertake to address global warming and the policies desirable in and of themselves for our domestic environmental and economic good. These include phasing out CFCs, which account for almost a fifth of all greenhouse gases. They include promoting energy efficiency; saving energy also reduces carbon dioxide emissions. And they include using our influence with the World Bank and other multilateral aid and lending institutions to give a higher priority to environmental values like reforestation.

We can also increase our help to other countries facing severe pollution problems. They want our help. They know we have made great progress in reducing pollution, and they need our expertise. One of the most welcome and least expensive objects of our foreign policy is the help, the information, and advice we provide developing countries in better managing their wastes and reducing their pollution.

But if we are to play a major role in the great cause of restoring the natural systems of this earth, if we are to aspire to lead this effort, we must set a shining example here at home. To be a beacon to the world we will have to do better ourselves.

We in the United States produce twice the solid waste per capita that West Germany does, and three times that of Italy. We use twice as much energy per capita as Switzerland and nearly three times that of Japan. And the energy we use and the waste we generate make this nation the source of a fifth of all greenhouse gases.

We must do better. We can do better. We must learn not just to control pollution but to prevent it, not just to dispose of waste more safely but to eliminate it altogether.

Here I must confess that more of the same -- more controls, tighter standards, better enforcement -- will not be enough to get us there. Regulations closing off waste disposal options will help, have helped. Greatly increased costs of waste disposal are creating incentives to reduce waste. Did you know that a third of the landfills in this country will be obsolete in 5 years? Ten years ago the cost of solid waste disposal was $5 to $10 per ton. Now in some places it is $125 per ton and rising.

When costs rise like this, so must our ingenuity and resourcefulness. We must learn to generate less waste in the first place, to make products that are recyclable or reusable.

And we will. We will make pollution prevention a hallmark of our environmental efforts. The people of this country are, I believe, ready to participate in this effort. It is an area that demands education more than regulation, and information more than enforcement. We will help meet the coming crisis in waste management by significantly reducing the amount of waste per capita generated in our country. Recycling, reuse, reduction at the source -- these will be our watchwords.

Just as we hope to contribute to protecting and restoring natural ecosystems worldwide, so we will work to protect the productivity of natural systems here at home: the estuaries and coastal environments, the groundwater and the wetlands. We will reduce by millions of tons the emissions of sulfur oxides that are threatening the lakes and rivers of both the United States and Canada. And we will do it in this century.

We will respect the vital role of wetlands in nurturing marine life and waterfowl and filtering pollutants and buffering floodwaters. We will give policy expression to the goal of "no net loss of wetlands."

We will work to break the long, contentious, and dispiriting stalemate over clean air and send to the Congress -- for the first time in 10 years -- a Presidential proposal to reauthorize the Clean Air Act. This Administration will offer new legislation to ease the burden of air toxics cut back acidic air emissions, and reduce the smog that so bedeviled our cities last summer.

I hope that our approach to the Clean Air Act, on which we have consulted closely with the Congress and other interests, can usher in a new era of cooperation in the field of the environment. Cooperation between the Administration and the Congress. Cooperation between the regulated community and EPA. Cooperation between environmentalists and EPA. Cooperation between government and the people.

More than any other single achievement, the most meaningful measure of our progress, I believe, may be the degree to which we establish a relationship of trust on the part of the many interests touched by EPA. Whether the task is fixing Superfund or communicating about the risks posed by pesticide residues in food, we must have the confidence of the public.

As I try to master the information necessary to run EPA's programs, I am reminded how specialized and arcane much of our work has become. The public, so prone to worrying about risks of cancer, is easily led to panic in the wake of an apple scare. It is difficult in the throes of a full-scale pesticide panic to communicate sensibly about risk, to put it in perspective, or to reassure distraught mothers. At such a time no one wants to have to learn about risk assessment. What people want to know is that the regulators -- the protectors of their health -- share their values, that they are people of integrity and competence who can be trusted.

It sometimes seems to me as though the nation has behaved with a kind of schizophrenia toward EPA. On the one hand the agency has been policed, constrained, and restricted. On the other hand the agency has been asked to undertake the impossibly ambitious tasks of controlling smog in Los Angeles and Chicago, and making federal departments far larger than itself --such as the Defense Department -- clean up their facilities. And I have recently observed agencies at both the state and federal levels sign off on controversial development projects because they are confident EPA could be counted on to stop them.

In this Administration we have a vision. We see a nation moving steadily to provide a greater measure of protection for human health and for natural systems. We see a public entitled to the truth about the realistic choices open to a highly industrialized, economically developed society. We see people working to ensure that nature remains productive and unimpaired as we improve our economic prospects.

We are enthusiastic advocates of economic growth. Among other things growth is what pays for environmental protection. We want to infuse the country with an ethic of environmental stewardship so that our economic progress is more durable and better grounded in productive natural resources.

So judge us on our aim, and we are aiming high. Judge us on how well we cooperate with other nations in solving problems of truly global proportions. Judge us by the actions we take to protect fragile and unique ecosystems here at home. Judge us on how well we reduce the per capita waste stream in this country.

Above all, judge us not in the light of a politically volatile moment. Environmental protection is about sustaining life on earth. For the long term. We at EPA are the long distance runners of government. The real test is not in the regulatory decisions that are made in March or April or May. The real test will be the health of our people and the quality of our environment at the turn of the century and beyond. And that is a test we dare not fail.

Thank you.

PFBC: What Is it?

Pressurized fluidized bed combustion (PFBC) is an electric generating technology that has been developed to:

- burn high-sulfur coal effectively
- meet stringent environmental standards
- produce electricity at a lower cost

PFBC's potential commercial application is as near as the 1990s. Its advantages over present conventional coal-fired power plants with scrubbers include:

- economic sulfur dioxide control
- less than half the nitrogen oxide emissions
- fewer solid waste problems
- higher generating efficiency
- reduced fuel consumption
- fuel flexibility
- lower capital costs
- modular construction
- flexible system planning
- lower cost of electricity

Unlike present scrubber technology, PFBC removes sulfur *during* combustion of the coal - not after. PFBC can also utilize a wider range of coal types. Low-grade fuels as well as high-sulfur coals, which may lead to operating problems in conventional plants, can be used effectively during the PFBC process.

Sulfur dioxide removal of 90% has been demonstrated by over 5,000 hours of operation at the PFBC Component Test Facility in Sweden.

PFBC represents a lower cost, more efficient generating system.

Steam produced during the combustion process is used to drive a **steam** turbine. Hot gases resulting from the combustion process are cleaned and used to drive a **gas** turbine. Each turbine drives an electric generator.

This combined-cycle approach results in a 10% increase in generating efficiency. Because less coal is required, fuel costs are reduced

The quality of solid waste product resulting from the PFBC process is less than that of a conventional plant with scrubbers.

Unlike the sludge that is produced by scrubbers, the PFBC waste product is dry, making it more manageable and easier to dispose of and handle.

This solid refuse is easily transported for use as fill and ultimately can be covered with topsoil and grass - all in accordance with environmental regulations. It also has possible uses as an agricultural supplement, roadbed filler and cement additive.

Since 1976, American Electric Power Service Corporation has been actively involved in a development program to commercialize PFBC technology for electric power generation in the United States.

An important step toward commercialization involves the construction of a demonstration plant. Toward this end, the company is building a 70 MW demonstration facility near Brilliant, Ohio utilizing major components of the deactivated Tidd Plant.

Construction of the demonstration plant began in 1988 with operation scheduled for 1990.

As a predecessor to the first full-scale commercial unit, Tidd will be operated as a smaller-scale PFBC combined-cycle demonstration plant.

The Tidd Plant design has evolved from many years of development and extensive testing at overseas facilities utilizing high-sulfur coal and dolomite from both Ohio and Indiana. Results of the test have been highly encouraging and have served to prove the merits of PFBC technology.

For example, a test program sponsored by the U.S. Department of Energy at Great Britain's Coal Utilization Research Laboratory yielded essential data on the PFBC process and the life expectancy of PFBC components.

Additional tests conducted since 1983 at the Component Test Facility have further verified the reliability and integrity of operating equipment, including the performance of PFBC auxiliary systems.

Most importantly, these tests have provided essential information for the design of the Tidd PFBC demonstration plant. This demonstration at the Tidd Plant will ensure the operability, integrity and dependability of PFBC systems for future use by U.S. electric utilities.

PFBC: How Does It Work?

Pressurized fluidized bed combustion uniquely joins two previously unrelated power-generating systems: the fluidized bed and the combination **gas turbine** and **steam turbine** electric generation cycle.

The fluidized bed is basically a container in which the combustion process occurs. Because of its pressurized operation, the container is considerably smaller than a conventional boiler of equal generating capacity.

The process begins when a mixture of crushed coal and dolomite (a form of limestone common in the Midwest) is injected, along with a uniform flow of air, through the bottom portion of the container.

When the air velocity inside the container reaches a certain level, the solid particles of coal and dolomite assume a random-type motion and appear to float or "fluidize." The "fluidized" motion ensures thorough mixing of the suspended particles.

During this process the coal is burned and the dolomite absorbs the sulfur oxides that are produced. Combustion temperature is approximately 1600°F or about half that encountered in a conventional boiler.

The sulfur-laden dolomite forms a dry, solid waste product. Some of this waste product, in the form of bed ash, is removed through the bottom of the container. Smaller ash particles, or fly ash, are carried from the top of the bed by hot gases produced during the combustion process.

The gases pass through dust collectors where the fly ash is removed. This separation procedure minimizes the potential of erosion and corrosion damage to the gas turbine. The combustion gases then turn the gas turbine. This gas turbine drives both an air compressor (which provides combustion air for the fluidized bed) and a generator to produce electric power.

Gases exhausting from the gas turbine are used again - this time to preheat feedwater for the steam turbine cycle. The preheated feedwater is then sent through the tubes submerged in the fluidized bed container.

The tubes extract heat from the combustion process in the container and convert the feedwater to steam. The steam is used to turn a steam turbine generator that produces the bulk of the plant's electric power.

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01. Letter	From William Reilly to POTUS Re: EPA's Proposed Options for Clean Air (13 pp.)	6/2/89	~~P5~~	

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Open on Expiration of PRA
(Document Follows)
By JP (NLGB) on 4/10/08

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P-3 Release would violate a Federal statute [(a)(3) of the PRA]
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(b)(9) Release would disclose geological or geophysical information

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

June 2, 1989

THE ADMINISTRATOR

The President
The White House
Washington, D.C. 20500

Dear Mr. President:

As you requested, I am summarizing my views on Clean Air as you prepare to make the key decisions. Your commitment to propose legislation has already transformed the Clean Air debate. Industry groups are now actively discussing what form legislation should take rather than whether there should be legislation at all. Congressman Dingell has introduced effective air toxics legislation and announced his intention to develop comprehensive Clean Air legislation. Congressman Waxman's new non-attainment bill is much more realistic than his proposal of last year. Similarly, the new air toxics bill supported by most of the Senate Environment and Public Works Committee is far more reasonable than the bill adopted last Congress. We will have a new Clean Air Act because of your commitment and in all of our public discussions of the environment that is a point worth stressing. No Congress ever succeeded in putting a bill on President Reagan's desk, on acid rain or air toxics or smog. But this Congress will, thanks to your initiative.

The unveiling of your legislative proposal next week should provide further impetus to this "search for consensus" and establish you as a leader in the effort to attain clean air. I suggest that you show your commitment on Clean Air and sound something like this: "Americans have the right to breathe healthy, clean air and I have the obligation to protect that right for you and your children." Our bill is expensive, but our acid rain proposal is less than three percent of what the nation spends on electricity, and the elements of our smog proposal affecting vehicles will add less than two percent at most to what Americans spend on cars. My suggestion is that you speak next week as an environmentalist, pure and simple, and leave the discussions of balance and economic reasonableness to me and others. This is a moment for another home run. To achieve environmental support, your proposal needs to respond effectively to the three major causes of the eight year stalemate on Clean Air which I view as follows:

The Environmental Problem

Despite considerable progress since passage of the last Clean Air Act Amendments in 1977:

- acid particles are damaging lakes and streams, degrading visibility and building materials and--according to several public health school studies--are responsible for tens of thousands of deaths each year.

- toxic air emissions cause thousands of fatal cancers each year in addition to damaging respiratory systems and fetuses.

- well over 100 million Americans live in areas of the country that have not met the health standards for ozone, carbon monoxide or both. Many of these citizens experience discomfort such as coughs, nausea and chest pain. But they also risk more serious problems such as respiratory infections and premature aging of the lungs.

The options I am recommending would enable us to tell the Congress and the public that the Administration has committed to achieving dramatic reductions in acid rain and air toxic emissions and to achieving the health standards: bold, confident, and simple.

Economic Realities

Americans currently spend over $30 billion per year to control air pollution. Some Clean Air Act proposals such as the bill reported out by the Senate Environment and Public Works Committee last Congress would double those expenditures.

My recommended options would provide almost as much environmental protection as that bill for less than half the cost.

Political Context

The Clean Air debate is still so polarized it is probably impossible to propose a bill that would receive universal praise. However it is possible to propose legislation that protects the environment and minimizes costs. The key is to commit to <u>steady progress</u> beginning early in the program in exchange for realistic timetables and deadlines for reaching the ultimate goals. That is the type of proposal I am recommending. I believe this approach can garner wide-spread respect for strong environmental leadership even though both environmental and industry groups will be critical of specific provisions.

Given these considerations I suggest you propose to the Congress the following comprehensive Clean Air Act revisions:

ACID RAIN

I recommend a five million ton reduction in sulfur dioxide (SO2) emissions by 1995 and an additional five million tons of SO2 reductions, coupled with two million tons of nitrogen oxides reduction, by the year 2000 (with a three year extension for plants that elect to use clean coal technology). This proposal would cost utility ratepayers about $1 billion per year in the first phase and just under $4 billion/year in phase two. By comparison, the total cost of electricity in the U.S. is about $160 billion/year.

Environmentalists (the Clean Air Coalition) argue persuasively for requiring a 12 million ton reduction in SO2 emissions and 4 million tons of NOx reductions instead of 10 million and 2 million tons respectively. Their reasoning emphasizes how much SO_2 will still be emitted even with a twelve million ton reduction (about eight million tons) and asks why industry should be permitted to disturb so broadly the ecology and health of a whole region of the U.S. and Canada. However, since such a program could double the cost of acid rain controls I recommended the lower targets and never advocated even presenting you with the twelve ton option.

The first phase utility SO2 reductions could be allocated two different ways:

1. all plants larger than 100 megawatts must meet a 2.5 lb. emission rate (affects 107 plants)

or

2. the 20 biggest emitters must meet a 1.1 lb. emission rate (in this case those coal plants which choose to use technology, i.e. scrubbers, to obtain additional reductions below 1.1 lbs. would receive emission credits for use in Phase II)

In either case, all of the targeted plants would not necessarily reduce their emissions. They would have the option of "trading"--i.e., making the reductions at other plants in their system, or making more reductions than required at one plant in order to make less reductions at another plant.

The arguments for targeting 20 plants are:

- o In the very brief time available before plants need to begin implementing controls, it will be difficult to evaluate more than twenty sets of trades to ensure that they are environmentally equivalent to controlling the targeted plant .

- o It would be less disruptive for utilities and coal companies. Under the 107 plant option, at least some utilities will have to make comprehensive changes to their entire system plan. In addition, the 107 plant option will require up to 50 long-term coal contracts to be broken. Under the smaller system only 12 contracts would be in jeopardy and to the extent plants <u>choose</u> to use control technology to meet their emission limits, those contracts could remain in place.

- o Politically, I believe it should be easier to gain support for a program that adversely affects only 9 states, 17 companies and 12 coal mines, compared to one that hits 18 states, 57 companies and 50 mines. Secretary Baker indicated at the DPC briefing that he agrees with this assessment.

- o The 20 plant allocation enables you to argue that your proposal is a least cost approach but that you intend to cushion the blow to high sulfur coal communities by using market incentives. (i.e., targeting and credits in Phase I and a time extension to encourage but not require use of scrubbers in Phase II), rather than the scrubbing <u>mandate</u> included in some other bills. In contrast, the 107 plant option is a pure fuel switching approach which imposes maximum adverse impact on high sulfur coal communities with very little lead time to prepare. It seems to me this approach, which we calculate will result in eight or so of the twenty plants being scrubbed, gives 5,000 to 10,000 miners and their communities dependent on high sulfur coal at least a decade or more. (If we go with the 107 plant, full fuel-switching option, job losses in mining communities will be in the range of 20,000.)

In Phase I all oil/gas steam plants would be required to limit their SO_2 emission rate to 1.0 lb/mmBtu which would mainly affect units along the Eastern seaboard (e.g., New England, Middle Atlantic, and South Atlantic census regions). The purpose of this provision is to shift some of the responsibility for Phase I reductions out of the Midwest and into the East--where the benefits of acid rain control are expected to be greatest.

Utilities would still choose between a very low sulfur oil or natural gas (which emits no SO_2) on the basis of fuel costs. Adequate supplies of both fuels are expected to be available. They would be allowed to adopt plant-wide and annual averaging to take advantage of seasonal availability and price fluctuations.

The Eastern states affected by this provision are responsible for about 15% of national utility SO_2 emissions. With this requirement they would be required to make less than 10 percent of the Phase I reductions. The Midwestern states will complain loudly if they are required to make virtually all of the Phase I reductions without any control requirements imposed on New England and Mid-Atlantic states.

Phase II, which we have more time to implement, will consist of an innovative "marketable permit" program which was unanimously supported by the DPC and which we intend to develop and refine over the next few years.

Finally, I recommend including an option for utilities to substitute conservation programs for up to 10 percent of their SO_2 reductions. This provision would emphasize the importance of conservation and pollution prevention as part of utilities' overall strategy for meeting long-run environmental goals including responding to global warming concerns.

AIR TOXICS

Over the last few years representatives from industry, environmental groups, state and local agencies, and EPA have worked hard to develop a consensus approach for addressing air toxics. Although not everyone agrees upon all of the details associated with the program, virtually all groups agree that a two-phased approach is optimal: an initial phase that places effective control technology on most major sources of air toxics, followed by an assessment of the remaining risks to the public and, if necessary, additional controls in phase two. This first phase technology approach provides maximum protection against the seemingly endless lawsuits that have virtually paralyzed the air toxics program. This approach is incorporated into both the Dingell bill and the Senate toxics bill, though the stringency is different. The option I am recommending reflects this political consensus, while providing more flexibility than either of those two bills.

Although I understand the superficial appeal of an "unreasonable risk" approach, it is simply not credible to claim that we will use it to address air toxics. We tried that under the current law and found it to be unworkable. It led to unending litigation. (EPA was only able to regulate seven chemicals--out of 280 that pose some risks--in the 17 years since this provision was originally passed).

Although my proposal will be criticized for being less stringent than the Dingell and Senate bills I am persuaded that the moderating provisions I have recommended are justified. I would also note that many of the measures in the non-attainment section of the bill, especially the alternative fuels proposals, will provide additional air toxics benefits.

NON-ATTAINMENT

The non-attainment options paper now states that: "the goal is to make a major effort toward bringing non-attainment areas into attainment with the health standards." (emphasis added.) That will not be acceptable to Congress or the public. I believe we must commit to meeting the standards and send Congress a program that fulfills the commitment. The American Lung Association, the American Public Health Association, the Pediatric Association, and the Clean Air Scientific Advisory Committee all support achieving the current standard. I strongly recommend that you not back away from meeting the current health standards. If we want to mitigate the costs we can stretch out the deadlines--which we have done (our proposal provides more time than any of the bills proposed to date).

However the only way we can obtain support for our longer deadlines is by committing to steady progress. That is part of the rationale for the 3 percent annual progress requirement. It provides assurance that states will make steady progress towards attainment. The problem with state plans in the past is that many areas underestimated the measures needed to attain and "back-loaded" them into the years just before the deadline. When the deadline neared they then argued that it was impossible to implement the measures in the brief time remaining. Proposing a replay of this process--which failed in 1977, 1982, and 1987,--will not be realistic.

The federal measures I am proposing in Alternative IV are similar in stringency to those contained in the bills that have been introduced in Congress. The other options you are considering are all less stringent. Many of the measures in Alternative IV involve additional controls on motor vehicles. If these potential federal measures are passed up, cities will need to squeeze factories and small sources even harder in order to attain the standards. The latter types of controls pose much more of a competitiveness concern than vehicle measures. That is why I support the option which includes the largest number of reasonably available national measures. Air regulation is a "zero sum game" and controls on vehicles are necessary if we are to avoid adding further burdens on new plants and other local contributors to smog.

The use of oxygenated fuels in serious carbon monoxide non-attainment areas will not only aid in attaining the standard, but, as mentioned earlier, also provide significant air toxics benefits. It will also fulfill your Midwest campaign commitments.

Your legislative proposal should help to reconcile the ever-increasing use of the automobile with national environmental concerns. Neat fuels are unquestionably the most effective long-term way to accomplish this goal without restricting use of the car. Although it will require a transition period while both vehicles and fuels are introduced into the marketplace, by the late 1990's "dedicated" fuel vehicles (cars that use only neat fuels) should be available. The use of these vehicles could reduce the individual auto's contribution to ozone formation by as much as 80 percent. Neat fuels could also provide very important energy policy benefits by diversifying the fuel base. This program should achieve overall emission reductions at low cost and provide a bold "George Bush" alternative to measures, such as driving reductions and small source controls, which might otherwise be needed.

Responding to Michael Boskin's recommendation to introduce flexibility into EPA's Clean Fuel Proposal, I have downsized the goal in 1995 to 500,000 vehicles (4% annual sales) rising to one million vehicles (8% annual sales) in 1997. The EPA Administrator would implement the program under regulations which would consider environmental, energy, and national security implications and also consider methods to introduce market-based concepts such as fuel pooling and vehicle emissions trading. The Administrator will have the discretion to delay implementation of the program for two years. Once critical market barriers to entry are broken, we expect that natural gas based methanol fuels and vehicles will hold their own on a competitive market basis.

Neat fuels coupled with other mobile source controls will shrink autos' contribution to the ozone problem from roughly 40-50 percent to 10 percent (after 2010). The annual cost of this program will be about 1%, or at the most 2% of current annual expenditures for owning and operating automobiles ($3-5 billion out of $350 billion spent annually on vehicles).

Although I know you are being asked to pick and choose among 20 or 30 separate sets of options I hope you will consider selecting the full package of options I just described (attached is a specific list of my proposed choices). The package is designed to balance competing concerns. It is one I feel I could effectively defend on the Hill. It embodies several important concepts: early progress, clean fuels, reconciling automobile use with environmental goals, market incentives, conservation and pollution prevention, and the integration of environmental, economic, and energy concerns. I would hope these concepts would become the themes we use to promote your proposal.

I believe we have the makings of a distinctive, effective Clean Air Act, one that will do the job with maximum flexibility and at reasonable economic cost. The issues on which agencies differ have become fewer and fewer. If the past is any guide, the bill that is passed in this Congress may be the one that takes us into the next century. And I think these measures are designed to do that.

Respectfully,

William K. Reilly

A C I D   R A I N   O P T I O N S

	Option A	EPA Option B	Option C	Option D	Option E
hase II Requirements					
Amount................	10 M Tons	10 M Tons	10.5 M Tons	7 M Tons	10 M Tons
Timing................	2000	2000	2000	2000	2003
CCT Extension..........	3 Years	3 Years	3 Years	3 Years	N.A.
hase I Requirements					
Amount................	5 M Tons	5 M Tons	5.5 M Tons	None	4 M Tons
Timing................	5 Years from Enactment	1994	1994	None	1995
Targeting in Phase I...	2.5 lbs for top 107 plants	1.1 lbs for top 20 coal plants and 0.8 lbs for oil plants	2.5 lbs for top 107 plants	None	None
Targeting in Phase II...	1.0 lbs for all plants	1.0 lbs for all plants and 0.8 lbs for oil plants	1.0 lbs for all plants	1.8 lbs for plants	1.4 lbs for plants
rading Requirements					
Phase II..............	Full Inter-state	Full Inter-state	Full Inter-state	Full Inter-state	Full Inter-state
Credits..............	None	2:1 Credit for Phase I reduction	None	None	3.0 lbs for top 107 plants

ACID RAIN OPTIONS

	Option A	EPA Option B	Option C	Option D	Option E
Trading Requirements (Cont)					
Phase I...............	Intrastate (and Intra-Utility)	Intra-Utility plus Governors given Intrastate Allocation Authority	Full Interstate	N.A.	Full Interstate
Existing/New Sources..	No	No	Yes	Yes	Yes
With Non-Utilities....	Yes	Yes	Yes	Yes	Yes
NOx Reductions..........	2 M Tons Nox/SO_2 trading allowed	2 M Tons NOx/SO_2 trading allowed	2 M Tons NOx/SO_2 trading allowed	2 M Tons NOx/SO_2 trading allowed	0 (But NOx/SO_2 trading allowed)
Conservation Credits.....	1 Ton for $1,000	1 Ton for $1,000 with least cost energy planning requirements	None	None	None
Costs (Annual) ($ in Billions)					
Phase I...............	$0.7 B	$0.8-$1.3 B	$0.8 B	None	$0.3 B
Phase II..............	$3.8 B	$3.8 B	$3.8 B	$1.0-$1.8 B	$2.7-$3.4 B

AIR TOXICS OPTIONS

Phase I

	Alternative 1.	National standards of unreasonable risk.
EPA	Alternative 2.	National standards of Maximum Available Control Technology (MACT).
	Alternative 3.	Early reductions through permits, then MACT,

Phase II

	Alternative 1.	Seek phase II legislation after evaluation of implemented controls.
EPA	Alternative 2.	90 percent reduction from uncontrolled level where risk is serious.
	Alternative 3.	Reduce to risk range threshold.

OZONE NONATTAINMENT OPTIONS

Consensus Controls	1	2	3	EPA 4
Volatility Phase II	X	X	X	X
Vehicle Evaporative	X	X	X	X
Hazardous Waste Facilities............	X	X	X	X
Commercial/Consumer Products................	X	X	X	X
Additional Measures				
Neat Fuels				
a. Buses...............	X			
b. Fleets and Buses....		X		
c. 50% with opt-out....			X	X
d. 50% with opt-out and fuel pooling....	X			
Refueling Controls				
a. Stage II...........		X	X	
b. Onboard............				X
Vehicle Emission Trading..............	X			
Light Duty Trucks......		X	X	X
Extended Useful Life...		X	X	X
Auto Tailpipe Stds.....				X
Enhanced I&M..........		X		X
CTGs..................		X	X	X

Results of Alt's:	1	2	3	4
% VOC Red. 2005	21	25	27	29
Ann. Cost ($ B)	2.4*	3.2-3.3*	3.0-3.1*	3.1-4.6*
Remaining Nonattainment Areas in 2005	34	26	25	23

* *Cost estimates do not include the cost of the neat fuels program.*

Additional State Controls	1	2	3	4
a. Current SIP Process.	X	X		
b. 3% Progress Mandate..			X	X
c. Neat Fuels for Other Areas..........	X			

CO NONATTAINMENT OPTIONS

<u>Oxygenated Fuels Decision:</u>

Option 1: No Federally mandated oxygenated fuels program.

Option 2: Require serious CO nonattainment areas to use oxygenated fuels of their choice (with <u>no</u> specific oxygen requirement) on a seasonal basis as needed, but allow areas to "opt out" if they can demonstrate that other control measures are sufficient to achieve attainment.

E P A Option 3: Require at least 2.7 percent oxygenation of fuels in moderate and serious CO nonattainment areas, but allow areas to "opt out" if they can demonstrate that other control measures are sufficient to achieve attainment. on a seasonal basis

Option 4: Require at least 2.7 percent oxygenation of fuels in moderate and serious CO nonattainment areas, as well as in other CO nonattainment areas with serious and severe ozone problems. Allow no "opt out".

BOB DOLE
KANSAS

United States Senate

OFFICE OF THE REPUBLICAN LEADER

WASHINGTON, DC 20510

MEMORANDUM

March 26, 1990

TO: GOVERNOR SUNUNU
FROM: SENATOR DOLE
THROUGH: JIM WHITTINGHILL
SUBJECT: DINGELL SUPPORT FOR BYRD AMENDMENT

Attached for your review is a copy of an article which appeared in the ~~Washington Times~~ indicating Congressman Dingell supports the Byrd Amendment. USA TODAY

Any strategy to address the Byrd Amendment in the Senate should take this point into account.

Clean air bill vulnerable in House

by Paul Clancy
USA TODAY

Rep. John Dingell, D-Mich., who heads the panel shaping the clean air bill in the House, says he finds merit in a proposal to compensate workers displaced by new clean air laws.

The powerful chairman of the House Energy and Commerce Committee said this weekend he looks "with a great deal of sympathy" on a plea by Sen. Robert Byrd, D-W.Va., to pay, retrain and relocate mine workers who lose their jobs as power companies trim their use of high-sulfur coal.

Byrd has expanded his plan to other affected workers.

"That has a good deal of appeal to labor and to me," Dingell said.

Byrd's amendment has stalled the bill on the Senate floor, after the White House and Senate leaders had crafted it together. It's the only major obstacle to Senate passage.

Even if Byrd's amendment were to pass the Senate, the assumption's been that it would be scrapped in conference with the House.

But if the House, with Dingell's support, bought the idea, it would likely survive.

Opponents describe it as a "deal breaker" that would bring a sure veto from President Bush. Bush objects to the cost; a worst-case price tag to cover miners of $700 million.

The Senate could vote on a final measure this week.

The new laws would take on pollution from autos, smokestacks and power plants.

The House committee last week surprised environmentalists by going far beyond the White House-Senate compromise and giving federal authorities the power to force states and localities to clean up urban smog.

The Detroit congressman has blocked tightening of clean air laws, but finds himself leading the charge in the House. "I'm just doing what's right," he

"I'm just doing what's right," he says, although he dislikes the term environmentalist.

"There's no piece of legislation the Congress could write that will satisfy the environmentalists," he said.

Dingell says he's all for clean air as long as attempts to get it don't result in massive job layoffs. "Everyone wants clean air," he added. "I just don't think we should destitute ourselves to get it."

Withdrawal/Redaction Sheet
(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
02. Memo	From Roger Porter to John Sununu Re: Mitchell-Dole-Byrd and Clean Air (4 pp.)	3/22/90	P5	

Collection:

Record Group: Bush Presidential Records
Office: Chief of Staff, White House Office of
Series: Sununu, John, Files
Subseries: Issues Files
WHORM Cat.:
File Location: Clean Air (1 of 3) (1990) [6]

Open on Expiration of PRA
(Document Follows)
By JP (NLGB) on 5/12/05

Date Closed:	12/7/2004	**OA/ID Number:**	29148-001
FOIA/SYS Case #:	1998-0004-F[1]	**Appeal Case #:**	
Re-review Case #:	2005-0426-S	**Appeal Disposition:**	
P-2/P-5 Review Case #:		**Disposition Date:**	
AR Case #:		**MR Case #:**	
AR Disposition:		**MR Disposition:**	
AR Disposition Date:		**MR Disposition Date:**	

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

P-1 National Security Classified Information [(a)(1) of the PRA]
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P-6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

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Freedom of Information Act - [5 U.S.C. 552(b)]

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Rec'd COS
MAR 26 1990

THE WHITE HOUSE

WASHINGTON

March 22, 1990

MEMORANDUM FOR GOVERNOR SUNUNU

FROM: ROGER B. PORTER RBP

SUBJECT: Mitchell-Dole-Bryd and Clean Air

Following our meeting with the President yesterday afternoon to discuss the status of the clean air deliberations in the Senate I went to the Hill and met separately with Senator Dole and Senator Mitchell.

They were very anxious to get our assistance in the technical drafting of their proposal to Senator Bryd dealing with his coal miner protection provisions. Having met for over an hour with Senator Bryd on Monday morning, I have a good feel for what is going on in his mind, and what kinds of things might appeal to him in getting him to modify his position.

The President's agreement with Mitchell and Dole has served us well. It has broken the Senate stalemate on clean air. It has produced an agreement remarkably close to the President's bill.

Moreover, the agreement has held off three serious challenges on air toxics (Lautenberg), alternative fuels (Wirth-Wilson), and mandatory FIPs (Kerry-Wilson). As you pointed out in our meeting with Senate Republicans, we are unlikely to get a better bill this year or next.

The most troubling aspect of this entire saga, in my view, is the Bryd Amendment. Indemnifying individuals with large amounts of income because of a general national policy seeking clean air strikes me as wrong and setting a terrible precedent. Those who lose their jobs because of this act are entitled like anyone else who loses their job to unemployment compensation and retraining programs. Given the churning in our labor force we have millions of people who change jobs every year without such income assistance.

No previous bill has any labor protection provisions. If it were not for Senator Bryd, his position as Chairman of the Appropriations Committee, and his acknowledged pattern (reported by Democrats and Republicans alike) of inducements, intimidation, and threats, this would not be an issue.

I told Senator Mitchell the following:

1. The President does not support the Bryd Amendment or anything like it. He does not support any generic amendment that would apply equally to all workers, or one that specifically provides improved benefits for coal miners who lose their jobs.

2. We acknowledge the difficulty of defeating the Bryd amendment given the assessments of Dole and Mitchell regarding the vote count among Senate Republicans and Democrats.

3. We acknowledge that the Bryd amendment was not part of the negotiations leading to the agreement and therefore is technically not covered by the agreement, although we view it as outside the spirit of the agreement.

4. If the Bryd amendment or something like it were to pass, in and of itself, it would not cause the President's senior advisors to recommend he veto the Clean Air Bill.

5. We are prepared to provide technical assistance in drafting an alternative to Senator Bryd.

6. We want and expect that we will have the support of Senators Mitchell and Dole in dropping this provision in conference if that is at all possible.

Senator Mitchell expressed his appreciation, stated he was distressed at how Senator Bryd had behaved and that he felt we had no choice but to offer him an alternative.

A copy of the alternative that was given by Senator Mitchell to Senator Bryd is attached.

PROPOSED ALTERNATIVE TO BYRD AMENDMENT

* Trade Adjustment Assistance benefits to workers:

  - in a firm if a significant number or portion of its workers have been totally or partially separated or are threatened to become so, and

  - sales or production of the firm have decreased, and

  - Clean Air Act Amendments of 1989 was the direct and primary cause of the job loss

* Additional benefits (as defined below) to workers:

  - in States that have average unemployment rate at least 140% of national average for the prior 24 month period;

  - in industry that has lost at least 18% of its workforce in the State within the prior 24 month period.

* Additional benefits:

  - 26 weeks of additional TAA benefits

  - TAA benefit tied to average wage of workers in the affected industry within the State (rather than average wage of all workers in the State), not to exceed 150% of maximum UI benefit in State

* No application for benefits after December 31, 1995

* Authorization for appropriations not to exceed $125 million annually

WHAT THIS MEANS TO WEST VIRGINIA*

West Virginia, Mississppi and Puerto Rico are the only jurisdictions which currently meet the unemployment test.

According to Department of Labor the average wage of West Virginia coal miners is approximately $37,800. Assuming total compensation is approximately 125% of wages, coal miners would receive an average benefit of $636 per week ~~in year one~~, $545 per week ~~in year~~ two, and $454 per week in year three under the Byrd amendment. Depending on the year, these benefit amounts could be either 29%, 33% or 40% higher for at least a 12 month period when the displaced worker is in an approved training program. No other training, job search, or relocation assistance is provided.

Under this alternative, West Virginia coal miners would be eligible to recieve $375 in weekly TAA benefits (150% of $250, which is the maximum unemployment insurance benefit in West Virginia). In addition, the coal miner would receive benefits to cover the cost of training which average $4,000 per worker nationally, or $77 per week. The displaced coal miner would also receive relocation assistance which the Department of Labor estimates at $1,000 per worker.

* Figures should be checked with Department of Labor

TO: ROD 6220

TABLE
BYRD

Whip Check

43 CHECKED

22 - YEA
7 - YEA (?)
9 - NO
2 - LN/N?
3 - ?
2 NOT CHECKED

45

Y	Armstrong	Y	McCain K.B.
N	Bond	LN?	McClure
Y	Boschwitz	N	McConnell
?	Burns	Y?	Murkowski
Y	Chafee	Y	Nickles K.B. ?
N	Coats		Packwood
Y?	Cochran MISS.?	?	Pressler DOLE
Y	Cohen	Y	Roth
Y	D'Amato	Y	Rudman
N	Danforth	Y	Simpson
Y	Dole	N	Specter
Y	Domenici	N	Stevens
Y	Durenberger	N?	Symms K.B.
Y?	Garn W.H.?	Y	Thurmond
Y	Gorton	Y?	Wallop
Y	Gramm	Y?	Warner HELP DOLE.?
N	Grassley	Y	Wilson
Y	Hatch		
N	Hatfield		
N	Heinz		
	Helms		
Y	Humphrey		
Y	Jeffords		
Y	Kassebaum		
Y?	Kasten K.B.		
Y?	Lott K.B.		
?	Lugar		
Y	Mack		

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Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
03a. Memo	From Craig Fuller to John Sununu Re: ARCO's Comments on Bi-Partisan Clean Air Agreement (1 pp.)	3/2/90	~~P-5~~	

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Subseries: Issues Files
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March 2, 1990

TO: JOHN SUNUNU

FROM: CRAIG FULLER Craig

SUBJECT: ARCO's Comments on Bi-Partisan Clean Air Agreement

I am passing along ARCO's thoughts on the "Summary of Bi-Partisan Clean Air Act Agreement" which you gave Lod Cook yesterday asking for his comments. Lod wanted you to get this as soon as possible, so he apologizes for not including a cover letter.

In general, ARCO is pleased with the concepts outlined in the bi-partisan agreement and consider it a valiant effort considering where the Senate started with S. 1630. We do have some concerns, which are raised in the attached, and are anxious to see how the overall concepts are translated into legislative language.

Please let me know if you need additional information or feedback on these issues as the process evolves. Thank you.

Withdrawal/Redaction Sheet
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Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
03b. Paper	ARCO's Comments on Bi-Partisan Clean Air Agreement (7 pp.)	3/2/90	~~P5~~	

Collection:

Record Group: Bush Presidential Records
Office: Chief of Staff, White House Office of
Series: Sununu, John, Files
Subseries: Issues Files
WHORM Cat.:
File Location: Clean Air (1 of 3) (1990) [6]

Open on Expiration of PRA
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By JF (NLGB) on 5/12/05

Date Closed:	12/7/2004	**OA/ID Number:**	29148-001
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RESTRICTION CODES

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ARCO COMMENTS ON
SUMMARY OF BI-PARTISAN SENATE CLEAN AIR ACT AGREEMENT

The agreement reached by the Administration and key Senators represents a vast and needed improvement over the clean air legislation (S. 1630) produced by the Senate Environment and Public Works Committee.

Following are highlights of ARCO views on the agreement as outlined in the summary (more detailed views are attached):

Title I

The OCS emissions provisions at Section 111 should be changed to incorporate the compromise alternative reached by EPA and DOI. Much to the consternation of many, Sen. Pete Wilson so far has rejected a compromise worked out by EPA and DOI, and acceptable to all other interested parties. The compromise would give Senator Wilson a vastly stringent new emissions control program for the California OCS, and thus avoiding unnecessary restrictions in the Gulf of Mexico.

Title II

Legislative language prepared by EPA on the alternative fuels provisions appears to guarantee that reformulated gasoline can fairly compete as a candidate clean fuel. There should be no backsliding from this language, as any concessions would serve to convert the clean fuels provisions to a methanol program. However, fuel availability provisions in the EPA language should be modified to require fuel suppliers to provide the clean fuel only at the number of stations required to ensure appropriate geographical distribution [as resulted when diesel fuel was introduced as a passenger vehicle fuel].

The oxygenated fuels language in the agreement should be modified to limit requirements for carbon monoxide areas to no more than 2.7 weight percent oxygen in motor fuels in wintertime.

Title III

The Administration should preserve the option, for purposes of the clean air debate in the House, to adopt a different position on risk determination and reduction than that contained in the Senate agreement. Administration officials have stated that they believe a slight modification of current law and regulations could result in a more appropriate, and acceptable, approach to risk reduction.

Title IV

The agreement, as reported, should be modified so it does not limit the growth allowance provisions for "Class of '85" units to states with statewide emissions limits of 0.8 lbs SO2 per million Btu. The 0.8 limit would deny equitable treatment to a number of "clean, unscrubbed" units in a number of states.

**DRAFT COMMENTS TO GOV. SUNUNU ON
SUMMARY OF BI-PARTISAN SENATE CLEAN AIR ACT AGREEMENT**

In sum, the agreement reached through the "Group of 15" negotiations represents a considerable improvement over the legislation (S. 1630) approved by the Senate Environment and Public Works Committee.

Following are specific comments on the major components of the agreement:

Title I - Provisions for Attaining Healthy Air Standards

Essentially, this represents a worthy improvement over S. 1630's Title I.

OCS Emissions Control. Section 111 of S. 1630 would upset completely the current, adequate regulation of air emissions from outer Continental Shelf oil and natural gas exploration and production facilities. This provision was included largely at the behest of Sen. Pete Wilson as a means of placing tight restrictions on OCS operations off California. However, the language is written in such a way that it will apply to all OCS areas, including the Gulf of Mexico. No credible evidence exists that operations in the Gulf have any notable impact on onshore nonattainment areas. DOI and EPA worked hard to craft a compromise on this issue that had been accepted by Senators Breaux, Graham and Cranston, as well as the major coastal interests in the state of California. The compromise would impose very stringent new requirements for OCS operations off California, but wisely limiting impacts in the Gulf of Mexico. Senator Wilson has refused to accept this compromise. We recommend that he be urged to adopt it as a strongly protective measure for his state.

Offsets. The summary does not state that changes in offset requirements, which had been changed onerously in S. 1630, had been returned to current law status (a 1:1 offset ratio), as had been reported as a part of the agreement. It is essential that this return to current law is retained in this area.

Title II - Mobile Source - No Comment

- Clean Fuels Standards

If the clean fuels program is to avoid becoming a methanol mandate, it is essential that the legislative language make it precisely clear that the reductions to 0.75 gram per mile (Phase I) and 0.66 gpm ozone-forming emissions (Phase II) result from a <u>combination</u> of changes in the vehicle and the fuel. In other words, the "certification vehicle" for purposes of setting certification requirements for the clean fuels program must include all tailpipe, running loss and refueling controls required of the "Tier I" (0.25 gpm HC tailpipe).

It also is essential that, for purposes of the toxics reductions requirements (12% Phase I, 18-27% Phase II), that the "baseline vehicle" be defined. EPA, in calculating potential toxic emissions reductions to be achieved through methanol-fueled cars, used as its baseline the original "Tier I" car proposed by the President. This "Bush car" had an average total in-use volatile organic compound emissions profile of 0.95 gram per mile. If reformulated gasoline is to have a fair chance of meeting the agreement's toxics reduction requirements, then the "baseline vehicle" need be defined as the "Bush car."

[Note: Draft legislative language prepared by EPA on March 2 appears to take care of the concerns enumerated above on the "baseline vehicle" and the "certification vehicle." The Administration should hold firm to the EPA March 2 language and resist, particularly, any efforts to express the reduction for Phase I and II of the clean fuels program in percentage terms, as some on the Senate staff are demanding. A percent reduction requirement, particularly as an alternative to the Phase II .66 gpm VOC requirement would require such further cuts in the fuel-related emissions characteristics as to constitute a methanol mandate.]

Language at page 26 of the EPA draft should be modified to clarify that no fuel supplier can supply cleaner fuels to one area at the expense of another.

Language at p. 16 of the EPA draft which requires fuel suppliers to distribute fuels according to market share would result in mandated sales of specific amounts of alternative fuels. Demonstrating an ability to sell and a capability to sell would be a preferable requirement.

Realistically, setting a second specification for a qualifying reformulated gasoline for the second phase of the clean fuel program should be done as early as possible.

o Language at p. 10 and 11 on certifying cars on reformulated gasoline for conventional-gasoline is unclear and should be modified for certainty of interpretation.

- Oxygenated Fuels

Section 218 requires that gasoline sold in carbon monoxide nonattainment areas from October 1 and March 31 each, beginning October 1, 1991, must contain an oxygen content greater than 3.1 weight percent. The Administrator is also instructed to implement an oxygen credit trading program to compensate for the fact that only one commercially available and viable fuel, namely an ethanol blend called gasohol, can achieve the 3.1 wt.% level. Other available fuels are restricted by EPA to levels at or below 2.7 wt.%

Although several senators have expressed an interest in reducing the mandated level from 3.1 to 2.7, this issue was not resolved during the negotiations. As a result, the assumption is that the negotiated legislative package that proceeds to the floor will include an 3.1 mandate.

However, the Summary of Bi-Partisan Senate Clean Air Act Agreement did not specify a number, stating instead that "fuels...will be required to contain a specified oxygen content,.."

If the lack of specificity indicates any willingness to entertain a change in the mandate level, a 2.7 wt.% mandate in 44 nonattainment areas should be advocated.

Title III - Air Toxics Provisions

Although not stated in the summary, the clean air agreement reportedly established that emissions from oil and gas wells and pipeline compressors would not be aggregated for purposes of determining whether such sources were major sources for purposes of air toxics controls. This is a welcome and necessary change in the air toxics provisions, but it requires one change. Limiting the coverage to "wells" will not protect from aggregation those facilities that are ancillary at individual oil and gas operations, such as stock tanks and oil and water separators. We recommend a change in the coverage from "wells" to all equipment associated with oil and gas exploration and production at individual locations.

Our understanding of the March 1 negotiations on the air toxics provisions is that it produced a proviso for the definition of maximum achievable control technology (MACT) that would allow the option of basing categorical MACT on the average of the best three performers in the category, in the case of categories with less than 30 facilities. We support that improvement.

The provisions allowing for automatic establishment of alternative emissions limitations based on the MEAP are a considerable improvement over S. 1630. However, the compromise still provides for a "technology treadmill" for those facilities which meet the one in ten thousand MEAP standard, but fail to meet the one in a million MEAP goal. Apparently, these facilities would have to install any new emissions controls that had become available in the five-year period between one permit renewal and another. It is recommended that the impact of the technology treadmill be ameliorated in at least one way: Require installation of new controls no sooner than every eight years, to provide adequate time for recovery of investment.

[NOTE: Comments have been heard from Administration officials that they may have been too hasty in agreeing to a default provision on risk reduction that would require a "bright line" standard (albeit based on the maximum exposed actual person (MEAP)). These officials are now saying that perhaps it would have been better to insist upon basing the risk requirements on the Vinyl Chloride decision and the recently promulgated benzene air toxics standards ("NESHAPS"), modified to base exposure limitations on the maximum exposed actual person. Given this, and recognizing that such a change in position could not be done in the Senate, we would recommend that the Administration hold the option open of supporting a modified Vinyl Chloride/benzene NESHAPS approach in the House.]

Title IV - Acid deposition control (Acid rain)

"Class of '85": Section 405(d) allocates SO2 emissions allowances during Phase II (as of January 1, 2000) for coal-fired utility units whose actual 1985 emissions rate was below 1.20 lbs./mmBtu. The contentious issue is what equation equitably allocates the emission allowances so that high-growth states are not constrained and utilities with unusual operating conditions during the 1985-1987 baseline are not differentially disadvantaged. An example of the latter instance is utilities that purchased unusually low sulphur coal in 1985 (and therefore have a very low 1985 rate) and also operated at historically low capacity utilization rates (and have a very low baseline.)

The proposal that best addresses the majority of the concerns in this Class of '85 category is the so-called Mitchell compromise that was reportedly accepted during the negotiations. It provides:

Basic Allowance, i.e., the product of 1985 rate and baseline

PLUS:

Bonus/Adjustment Allowances -- Companies have a choice between:

(1) 1985 rate x <u>100%</u>* of difference between baseline operating capacity and 60% operating capacity,

OR

(2) 20% of Basic Allowance allocation.

Early reports after the negotiations suggested that the Bonus/Adjustment Allowances would only be afforded the utilities in states with statewide emissions below 0.8 in 1985. <u>It is essential that the choice</u> between the 60% capacity factor (#1 above) and a 20% allocation (#2 above) <u>not be restricted to only certain states.</u> The unusual operating conditions that, in part, created the need for the Bonus/Adjustment Allowances exist with 59 scrubbed utility units in 22 states and 110 unscrubbed unites in 22 states. <u>They are all due equitable treatment under this provision.</u>

* (Also, some sources have suggested that these units receive only <u>50%</u> of the difference between the baseline operating capacity and 60% operating capacity. These units, most of which operated during the baseline year at well below 60% capacity need 100% of the difference to maintain current day operational capability.)

THE WHITE HOUSE

WASHINGTON

March 12, 1990

MEMORANDUM FOR GOVERNOR SUNUNU

FROM: LARRY LINDSEY

SUBJECT: The Byrd Proposal

Please find attached some suggested analysis of the Byrd proposal.

If you have any questions, please give me a call at 6402.

The Original Byrd Proposal

The Byrd amendment would provide laid off mineworkers compensation from the U.S. government (through the Department of Labor) equal to the worker's TOTAL COMPENSATION. Under the original proposal, a worker would get:

100 % of total compensation for 24 months plus

75 % of total compensation for another 24 months plus

50 % of total compensation for another 24 months.

In addition, if a worker participates in a qualified retraining program after the first two years, he receives an additional

25 % of total compensation for as long as he is in the retraining program.

Senator Byrd has estimated Total Compensation at $50,000 per year.

Workers would be eligible for a maximum grant of $275,000 under this proposal.

The New Byrd Plan

Senator Byrd's scaled back proposal would involve:

80% of total compensation for one year,

70% for a second year,

60% for a third year, and

50% for a fourth year.

Plus a 20% bonus for workers participating in a retraining program for a single year.

Workers under this scaled back proposal would receive a maximum grant of $130,000.

In addition, the formula in the bill includes compensation for vacations and monthly compensation guarantees. In other words, the laid off workers are to be compensated for the time they didn't work as well as the time they did.

Withdrawal/Redaction Sheet
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Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
04. Memo	From Larry Lindsey to John Sununu Re: The Byrd Proposal (2 pp.)	3/12/90	~~P-5~~	

Collection:

Record Group: Bush Presidential Records
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Series: Sununu, John, Files
Subseries: Issues Files
WHORM Cat.:
File Location: Clean Air (1 of 3) (1990) [6]

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(Document Follows)
By *JJ* (NLGB) on *5/12/05*

Date Closed:	12/7/2004	**OA/ID Number:**	29148-001
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Presumption

The original Byrd bill states that for "any coal mine worker who is terminated from his employment on or after the date of enactment of this title, there shall be a rebuttable presumption that such termination resulted from the enactment into law... of the Clean Air Act."

- This is in an industry which is shrinking anyway. Total employment in the coal industry has declined from 246,300 in 1980 to 141,500 in 1989.

- An independent ICF study done for the Environmental Protection Agency estimates that the industry will lose an additional 24,000 jobs in the next five years even if the Clean Air Bill is not passed. The Clean Air Bill will cost an additional 5,000-7,000 jobs in the coal industry.

- Thus, only a small percentage of jobs lost in the coal industry in the next few years will be due to the Clean Air Bill.

- The Byrd language will extend benefits under the Clean Air Bill to many times the number of workers actually affected.

Even if the presumption language is changed, it will still be impossible to determine if someone was laid off because of the Clean Air Act. This is almost administratively impossible. Who can tell whether a worker was laid off because of bad management, or because of the Clean Air Bill, or because the industry is shrinking anyway?

Is the Bill Fair?

- Fairness Among Coal Miners Is it fair that one laid off coal miner at a particular mine get $130,000 because his job was deemed to be affected by the Clean Air Act but another coal miner at a neighboring mine, or even at the same mine, not get benefits because he lost his job for another reason?

- Fairness Among Workers Affected by the Clean Air Act Is it fair that a coal miner who gets laid off because of the effects of the Clean Air Act get $130,000, but a worker in another industry who loses his job because of the bill not get any extra compensation?

- Fairness Among Workers Affected by Different Government Actions Is it fair that a coal miner who gets laid off because of the Clean Air Act get $130,000 but someone who gets laid off because of cutbacks in defense spending not get any extra compensation?

Laid Off Workers Receive Benefits Anyway

Government Benefits

- Unemployment Compensation Laid off workers get 26 weeks of unemployment compensation in most areas, and 39 weeks in high unemployment areas. Benefits go up to $245 per week in West Virginia and $288 per week in Pennsylvania.

- Retraining Laid off mineworkers would be eligible for retraining under the Job Training Partnership Act and the Worker Retraining and Economic Assistance Act.

Industry Benefits

- Health Benefits Laid off full time workers receive an additional year of health benefits.

Cost of the Byrd Amendment

- The bill authorizes the expenditure of "such sums". This creates a potentially unlimited program.

- If the coal industry shrank in the next six years at the same pace as it did over the last 10, and laid off workers got the benefits promised under the scaled down Byrd Amendment, then the total liability under this bill is $7.15 billion.

- These costs are in addition to the money the government would have spent anyway on retraining programs for these workers.

- Even if only 24,000 jobs are lost in the coal industry, the cost of the bill is $3.12 billion, if the workers get the benefits under the Byrd Amendment.

NEWS NATIONAL CLEAN AIR COALITION

1400 16TH STREET, N.W. • THIRD FLOOR • WASHINGTON, D.C. 20036 • (202) 797-5436

FOR IMMEDIATE RELEASE
Thursday, March 1, 1990

CONTACT: Ed Flaherty 797-5436
or listed organizations

CLEAN AIR DEAL WILL NOT PROTECT PUBLIC HEALTH

The Clean Air Act deal negotiated between the Bush Administration and the Senate leadership needs major surgery to delete provisions that would undermine the basic purpose of the law -- protection of public health, the National Clean Air Coalition said today.

"The back room dealing has generated bad deals for the American people," said Richard E. Ayres, NCAC Chairman. "The deals are weaker than the Senate Committee bill. A number of them would weaken current law.

"If these deals are enacted, the purpose of the Clean Air Act would shift from protecting the health of <u>all</u> Americans to protecting <u>most</u> Americans. Public health protection would be tested against the cost of cleanup," said Ayres. "Public health protection for any one of us would depend on where we live.

"We will be working to improve this bill on the floor of the Senate. We welcome the chance to debate these issues in public. Only in this way the American people can see where their Senators stand on clean air," Ayres said.

The National Clean Air Coalition includes 30+ national environmental, public health, labor, church and pubic interest organizations.

"The back room deal includes an agreement on auto standards that would deny tens of millions of Americans technologically feasible, affordable auto controls, based solely on a determination that hot enough Americans are suffering," said David Gardiner, legislative director of the Sierra Club.

(OVER)

"Nearly two dozen major cities could violate health standards for smog without triggering new auto tailpipe standards. This is a bad deal for people in our cities. The deal also would delete new carbon dioxide controls for cars - - the first step to respond to global warming," Gardiner said."

"On toxic air pollution, the deal would allow toxic sacrifice zones created by polluters buying out and removing people from nearby communities rather than removing the pollution that causes cancer," said David D. Doniger, senior attorney at the Natural Resources Defense Council. "This is a bad deal for communities near steel mills, petrochemical plants and other major toxic polluters."

"The deal would grant the American steel industry 30 years to clean up emissions from coke ovens to levels that protect public health," said John Sheehan, legislative director of the United Steelworkers of America. "This deal would mean more loss of life near our nation's steel plants."

"On our nation's program to clean up smog, this deal would exempt most pollution sources from federally-mandated controls. And it would impose a cost test on cleanup programs, inviting a tradeoff between costs and public health, said Fran DuMelle, Washington Office Director of the American Lung Association. "This is a bad deal for the 130 million Americans who live in areas with chronic smog problems," DuMelle said.

"The back room deal would repeal the federal obligation to guarantee clean air for every American, and would weaken the current law's other enforcement tools," said Gene Karpinski, executive director of the U.S. Public Interest Research Group. "This is a bad deal for the average citizen, and a bad deal for state and local governments, who would be more vulnerable to economic blackmail by polluting industries."

"These provisions contemplate accepting unhealthful levels of air pollution on a permanent basis for millions of Americans." said Ayres. "Our nation's environmental policies have aimed higher than this for 20 years. These provisions are clean air policy. And they would set a bad precedent for all the nation's health and safety laws."

EDF

Environmental Defense Fund

257 Park Avenue South, New York, NY 10010

NEWS RELEASE

CONTACT:

Fred Krupp (212) 505-2100
Bill Roberts (202) 387-3500

For Immediate Release
March 1, 1990

EDF SAYS CLEAN AIR ACT COMPROMISED BY SPECIAL INTERESTS

Eds: The following is a statement by Frederic Krupp, the executive director of the Environmental Defense Fund, on the compromise Clean Air Act announced today by Sen. George Mitchell.

NEW YORK -- The proposed amendments to the Clean Air Act have been under assault by special interests since their inception. From day one, the Clean Air Working Group and other industrial polluters have argued that the proposed methods of cleaning up urban smog, air toxics and greenhouse gasses are so restrictive and expensive that the costs outweigh the benefits. It appears their voice has been heard.

Ironically, industry and its surrogates have also opposed opportunities -- like the acid rain section of the bill -- to use market incentives to foster innovations in pollution control, to lower the cost of that control, and to expand the frontiers of the technology that makes that control possible.

Instead of creating a competition between different regions of the country, other energy sectors and individual utilities on behalf of the environment, powerful special interests have succeeded in rigging the game in their favor.

While a cap on total emissions of the pollutants that cause acid rain remains in place, the method by which that cap is maintained has been compromised to benefit a single industry -- a compromise that weakens market incentives for utilities to reduce their emissions beyond what is merely mandated to a level that is truly possible.

While Eastern Europe is recognizing the power of market forces to solve political, economic and environmental problems, it is sad that special interests in the United States have successfully restricted those forces in the battle for cleaner air. It is most unfortunate that special interests have, behind closed doors, exercised such a heavy hand in molding the bill.

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SIERRA CLUB

SIERRA CLUB CENTENNIAL

408 C Street, N.E. Washington, D.C. 20002 202·547·1141

For Immediate Release
Thursday, March 1, 1990

Contact: Roni Bronson
202/675-7903

SIERRA CLUB CALLS ON SENATE TO STRENGTHEN ADMINISTRATION'S CLEAN AIR ACT.

The Sierra Club has called for "major surgery" to improve a compromise in the Clean Air Act negotiated between the Bush Administration and Senate leaders today.

"The price demanded by the Bush Administration for its support of clean air is too high. The deal defers the promise of smog-free cities for twenty years," said David Gardiner, Sierra Club's legislative director.

"The bill asks Americans to accept some ineffective provisions for protecting people from health threatening smog and air toxics in exchange for effective provisions to curb acid rain. This is a trade-off that Americans must demand that the Senate reject," Gardiner said.

The deal allows the Bush Administration to shirk its responsiblity to clean urban areas. This needs to be fully restored.

The deal weakens one of the key public health protection revisions of the current clean air act. This should be restored.

And the deal doesn't require automobile companies to do enough to clean smog from our air and curb global warming.

The Sierra Club is urging Senators to support amendments to strengthen the Clean Air bill. Some of the newly negotiated provisions weaken current law. "It is essential that Senators strengthen this compromise and restore the provisions that guarantee clean and healthy air to all Americans, Gardiner said.

The compromise would also allow the Environmental Protection Agency to delay the progress indefinitely of reducing smog in our dirtiest cities by using big polluters exaggerated cost claims. "Americans want a clean air act which recognizes the health and human cost of delaying the smog clean up," Gardiner said.

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THE WHITE HOUSE

WASHINGTON

March 9, 1990

Nickles ok
Kasten - ok
Lott after Nickles
Symms - ok, I think
Wallop -
Murkowski ok

MEMORANDUM FOR JOHN H. SUNUNU

FROM: FREDERICK D. McCLURE fm

SUBJECT: Recommended Telephone Calls re: Byrd Coal Miners' Amendment

As we discussed, it would be useful for you to get telephone calls made to the following Senators seeking their opposition to the Byrd amendment to the leadership amendment on clean air currently pending in the Senate. The Senate will adjourn today until Tuesday, March 20, when they will return to floor consideration of the amendment, with the Byrd amendment pending.

The Senators to contact are:

1. Senator Mark Hatfield (OR) -- we believe he will follow Byrd since he is the chairman of the committee on which Hatfield serves as ranking member.

2. Senator Conrad Burns (MT) -- we believe Burns will ultimately support us, however, he is one of the conservatives who believes that there should not be a bill. Remember the tie to Baucus. Yeutter called

3. Senator Thad Cochran (MS) -- can be appealed to as member of the leadership. We believe that Lott, his Republican colleague, may very well support Byrd, again using the reasoning of conservatives who say they do not want a bill. Lott believes that he and Cochran will ultimately split on this issue.

4. Senator Jake Garn (UT) -- is a member of the Appropriations Committee, and may feel some attachment to Byrd. Porter, Sloane, Gray and I spent a great deal of time with him last night, and are working on another problem he raised. The question of space funding may arise. V.P. Gone

5. Senator Dick Lugar (IN) -- is a midwestern Senator who has not been very vocal on this issue; probably can be prevailed upon because of the mixed interests in Indiana. Roger talked ?

6. Senator Jim McClure (ID) -- general conservative opposition. leaning B.

7. Senator Frank Murkowski (AK) -- we believe Murkowski will be okay, however, given the relationship between Byrd and Stevens (the latter being on appropriations), it may be necessary to split the two. ok Fred

8. Senator Bob Packwood (OR) -- has been out of town during the entire week; may need to use Operator to contact him; fear that his colleague, Senator Hatfield (if Hatfield supports Byrd), may influence him.

9. Senator Malcolm Wallop (WY) -- general conservative opposition.

10. Senator Jesse Helms (NC) -- **no contact has been made with him directly.**

RELEVANT TALKING POINTS

- The Byrd amendment providing protection for coal miners is outside the scope of the earlier agreement between the Senate leadership and the White House

BAD POLICY
INCONSIST-
HAD OPPY.
GAVE BY-BOND
JUST ADD

  - Byrd had opportunity to raise this during negotiations but did not do so

- The measure is expensive. Even using the most conservative estimates in a modified Byrd amendment, cost is still $700 million, if the estimates of job loss are close to accurate. Starting such a program opens the door, however, to even greater costs to the economy, beyond the cost ceiling set by the President in his earlier letter.

- The policy of providing labor protective provisions such as this every time the government takes an action is a bad one.

- Both Dole and Mitchell will oppose the amendment.

- If enacted, Byrd amendment will open up the bill to other affected industries -- 15 or more

- President's opposition to this measure is strong.

[Some believe the vote will be a "throw-a-way" that can be fixed in conference. We are **NOT** confident that such a provision will not be added in the House. Indeed, we believe labor protective provisions such as this are more easily enacted in the House. If included in both bills, dropping in conference is not a realistic possibility.]

Withdrawal/Redaction Sheet
(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
06. Memo	From Roger Porter to John Sununu Re: Mitchell-Byrd-Dole and Clean Air (4 pp.)	3/22/90	~~P~~-5	

Collection:

Record Group: Bush Presidential Records
Office: Chief of Staff, White House Office of
Series: Sununu, John, Files
Subseries: Issues Files
WHORM Cat.:
File Location: Clean Air (1 of 3) (1990) [6]

Open on Expiration of PRA
(Document Follows)
By JP (NLGB) on 5/12/05

Date Closed:	12/7/2004	**OA/ID Number:**	29148-001
FOIA/SYS Case #:	1998-0004-F[1]	**Appeal Case #:**	
Re-review Case #:	2005-0426-S	**Appeal Disposition:**	
P-2/P-5 Review Case #:		**Disposition Date:**	
AR Case #:		**MR Case #:**	
AR Disposition:		**MR Disposition:**	
AR Disposition Date:		**MR Disposition Date:**	

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

P-1 National Security Classified Information [(a)(1) of the PRA]
P-2 Relating to the appointment to Federal office [(a)(2) of the PRA]
P-3 Release would violate a Federal statute [(a)(3) of the PRA]
P-4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [a)(5) of the PRA]
P-6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Removed as a personal record misfile.

Freedom of Information Act - [5 U.S.C. 552(b)]

(b)(1) National security classified information [(b)(1) of the FOIA]
(b)(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
(b)(3) Release would violate a Federal statute [(b)(3) of the FOIA]
(b)(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
(b)(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
(b)(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
(b)(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
(b)(9) Release would disclose geological or geophysical information

THE WHITE HOUSE

WASHINGTON

March 22, 1990

MEMORANDUM FOR GOVERNOR SUNUNU

FROM: ROGER B. PORTER RBP

SUBJECT: Mitchell-Dole-Bryd and Clean Air

Following our meeting with the President yesterday afternoon to discuss the status of the clean air deliberations in the Senate I went to the Hill and met separately with Senator Dole and Senator Mitchell.

They were very anxious to get our assistance in the technical drafting of their proposal to Senator Bryd dealing with his coal miner protection provisions. Having met for over an hour with Senator Bryd on Monday morning, I have a good feel for what is going on in his mind, and what kinds of things might appeal to him in getting him to modify his position.

The President's agreement with Mitchell and Dole has served us well. It has broken the Senate stalemate on clean air. It has produced an agreement remarkably close to the President's bill.

Moreover, the agreement has held off three serious challenges on air toxics (Lautenberg), alternative fuels (Wirth-Wilson), and mandatory FIPs (Kerry-Wilson). As you pointed out in our meeting with Senate Republicans, we are unlikely to get a better bill this year or next.

The most troubling aspect of this entire saga, in my view, is the Bryd Amendment. Indemnifying individuals with large amounts of income because of a general national policy seeking clean air strikes me as wrong and setting a terrible precedent. Those who lose their jobs because of this act are entitled like anyone else who loses their job to unemployment compensation and retraining programs. Given the churning in our labor force we have millions of people who change jobs every year without such income assistance.

No previous bill has any labor protection provisions. If it were not for Senator Bryd, his position as Chairman of the Appropriations Committee, and his acknowledged pattern (reported by Democrats and Republicans alike) of inducements, intimidation, and threats, this would not be an issue.

I told Senator Mitchell the following:

1. The President does not support the Bryd Amendment or anything like it. He does not support any generic amendment that would apply equally to all workers, or one that specifically provides improved benefits for coal miners who lose their jobs.

2. We acknowledge the difficulty of defeating the Bryd amendment given the assessments of Dole and Mitchell regarding the vote count among Senate Republicans and Democrats.

3. We acknowledge that the Bryd amendment was not part of the negotiations leading to the agreement and therefore is technically not covered by the agreement, although we view it as outside the spirit of the agreement.

4. If the Bryd amendment or something like it were to pass, in and of itself, it would not cause the President's senior advisors to recommend he veto the Clean Air Bill.

5. We are prepared to provide technical assistance in drafting an alternative to Senator Bryd.

6. We want and expect that we will have the support of Senators Mitchell and Dole in dropping this provision in conference if that is at all possible.

Senator Mitchell expressed his appreciation, stated he was distressed at how Senator Bryd had behaved and that he felt we had no choice but to offer him an alternative.

A copy of the alternative that was given by Senator Mitchell to Senator Bryd is attached.

PROPOSED ALTERNATIVE TO BYRD AMENDMENT

* Trade Adjustment Assistance benefits to workers:

  - in a firm if a significant number or portion of its workers have been totally or partially separated or are threatened to become so, and

  - sales or production of the firm have decreased, and

  - Clean Air Act Amendments of 1989 was the direct and primary cause of the job loss

* Additional benefits (as defined below) to workers:

  - in States that have average unemployment rate at least 140% of national average for the prior 24 month period;

  - in industry that has lost at least 18% of its workforce in the State within the prior 24 month period.

* Additional benefits:

  - 26 weeks of additional TAA benefits

  - TAA benefit tied to average wage of workers in the affected industry within the State (rather than average wage of all workers in the State), not to exceed 150% of maximum UI benefit in State

* No application for benefits after December 31, 1995

* Authorization for appropriations not to exceed $125 million annually

WHAT THIS MEANS TO WEST VIRGINIA*

West Virginia, Mississppi and Puerto Rico are the only jurisdictions which currently meet the unemployment test.

According to Department of Labor the average wage of West Virginia coal miners is approximately $37,800. Assuming total compensation is approximately 125% of wages, coal miners would receive an average benefit of $636 per week ~~in year one~~, $545 per week ~~in year~~ two, and $454 per week in year three under the Byrd amendment. Depending on the year, these benefit amounts could be either 29%, 33% or 40% higher for at least a 12 month period when the displaced worker is in an approved training program. No other training, job search, or relocation assistance is provided.

Under this alternative, West Virginia coal miners would be eligible to recieve $375 in weekly TAA benefits (150% of $250, which is the maximum unemployment insurance benefit in West Virginia). In addition, the coal miner would receive benefits to cover the cost of training which average $4,000 per worker nationally, or $77 per week. The displaced coal miner would also receive relocation assistance which the Department of Labor estimates at $1,000 per worker.

* Figures should be checked with Department of Labor

MJB
cc RLS

MALCOLM WALLOP
WYOMING

COMMITTEES:
ENERGY AND NATURAL RESOURCES
SMALL BUSINESS
ARMED SERVICES

United States Senate

WASHINGTON, DC 20510

WASHINGTON OFFICE (202) 224-6441
CASPER OFFICE (307) 261-5415
2201 FEDERAL BUILDING 82601
CHEYENNE OFFICE (307) 634-0626
2009 FEDERAL CENTER 82001
LANDER OFFICE (307) 332-2293
POST OFFICE BUILDING 82520
ROCK SPRINGS OFFICE (307) 382-5127
2515 FOOTHILL BLVD. 82901
SHERIDAN OFFICE (307) 672-6456
40 SOUTH MAIN 82801

March 2, 1990

Michael J. Boskin, Chairman
Council of Economic Advisers
Executive Office Building
Washington, D.C. 20500

Dear Mr. Chairman:

During the just completed leadership negotiations on the contents of the 1990 Clean Air Amendments, the Council staff provided economic analysis to the negotiators on the effects of various alternatives. However, no attempt was made to assess the compliance cost to industry and consumers to meet the new standards set in the revised bill.

As the President stated in his January 19 letter to the Republican Leader, Senator Dole, the original Environment Committee bill had compliance costs at least double the original Administration's bill. The additional cost provided little incremental environmental benefit, and was unacceptable. As the Senate rushes to debate and possibly approve the revised bill, we will need to know the cost of this bill to the American economy. In addition, we are interested in the cost of the alternative fuels provision, including the "opt-up" and "opt-in" provisions, and the fleet programs. We are requesting your assistance in preparing the necessary cost estimates.

The President's letter indicated that the aggregate costs of the Senate bill should not be more than ten percent of the Administration's bill. It is suggested that the bipartisan agreement would achieve this mark <u>if</u> none of the "triggers" for more extensive standards are pulled. But, experience dictates that if there is a requirement in federal statutes, that requirement will eventually be enforced. We would ask for an assessment of the cost to the bipartisan agreement if the triggers are pulled.

We would appreciate your prompt response to these two requests.

Sincerely,

Don Nickles　　Malcolm Wallop

Steve Symms　　Jim McClure

Frank H. Murkowski

Air Toxics: Residual Risk

- The President's bill and S. 1630 both called for Maximum Available Control Technology (MACT) to be applied in Phase I to control a sizeable set of air toxics.

  -- We estimated the cost of Phase I in the President's bill to be \$3.1 billion and in S. 1630 to be \$4.1 billion in 2005. The compromise cost is about \$3.2 billion.

- In Phase II, beginning in 2000, health standards will be used to evaluate the need for additional controls of the remaining or "residual" risks.

  -- This will require some plants to incur "compliance costs" of adding additional controls, while some plants will be forced to shut down.

- The Administration has only produced estimates of shutdown costs -- but not because we do not believe compliance costs are unlikely to be important.

  -- CEA's role has been to evaluate and, in some cases, modify cost numbers provided by other agencies.

  -- EPA has been unable to produce any numbers for compliance costs.

- There are at least four legal "residual risk" standards at issue, the effects of allow which would depend critically on how EPA and the courts interpret the law. Much debate and uncertainty surrounds their actual stringency.

  -- "Current law," at least until cases now on appeal are decided, talks about protecting the public health with a "reasonable margin of safety"

  -- The President's bill applied an "unreasonable risk" standard, which has been interpreted in other contexts (e.g., food safety) as 10^{-5} or 10^{-6}.

    - Some argued that this was weaker than current law. But, since current law applies to 7 all toxics, only on 7 [illegible] have to [illegible] acted upon. ~~and~~ the President's bill would apply to over 100, costs would surely be higher.

  -- S. 1630 applied 10^{-4} shutdown, 10^{-6} control using theoretical people, who live on the plant fence with the wind in their faces for 70 years.

  -- The compromise has two decision points.

- Before Phase II kicks in, a NAS/blue ribbon process will put new standards to the Congress for expidited consideration.

- If those are not adopted, there is a 10-4/10-6 actual man study, with an explicit provision that cost is to be considered in deciding what technology is available.

-- There is much debate about the relative stringency of all but S 1630, which is clearly the worst.

o EPA estimates shutdown costs under the agreement as close to those under the President's bill.

o The Hahn estimate of job loss surfaced the day the compromise was announced -- it does not apply to the compromise.

o Industry estimates of job loss and compliance costs have not been presented in enough detail to be properly evaluated, but

-- They do not consider the NAS/blue ribbon standards

-- They almost certainly make strongly unfavorable assumptions regarding EPA's regulatory implimentation

-- They appear to neglect the provision that cost is to be considered in deciding what must be done to control residual risks.

THE WHITE HOUSE

WASHINGTON

Clean Air Worker Adjustment and Retraining

Eligibility Period

- Period of eligibility and benefit payout: Begins 180 days after date of enactment. Last date to file application for benefits: December 31, 1995. Last day benefits will be paid: December 31, 1997.

Qualifying Conditions

- Workers in firms that experience absolute decline in sales or production of goods, or both.
- Significant number or proportion of workers in the firm or appropriate subdivision of the firm must be separated from their jobs or threatened with separation.
- Primary cause of worker's separation must be implementation of Tier I of Clean Air Act.

Benefit Amount and Duration

- Weekly benefit amount same as worker's weekly benefit under regular Unemployment Insurance program.
- Maximum number of weeks of benefits: 78 weeks, including 26 weeks of regular Unemployment Insurance and 52 weeks of the special program.

Retraining

- To collect weeks of benefits under the special program (after the 26 weeks of regular UI), the worker must be in approved training.

THE WHITE HOUSE

WASHINGTON

MEETING WITH THE CLEAN AIR WORKING GROUP

DATE: Thursday, June 8, 1989
TIME: 10:00 - 10:30 AM
LOCATION: Roosevelt Room

THROUGH: DAVID DEMAREST, ASSISTANT TO THE PRESIDENT FOR COMMUNICATIONS

FROM: BOBBIE KILBERG, BK DEPUTY ASSISTANT TO THE PRESIDENT FOR PUBLIC LIAISON

I. PURPOSE

To meet with representatives of the Clean Air Working Group (CAWG), a coalition representing over 1900 business and industry interests, to discuss the redrafting of the Clean Air Act.

II. BACKGROUND

The industry groups represented by CAWG have been working with the Administration over the past four months on the redrafting of the Clean Air Act. Their support is critical to the success of the Administration's proposal.

III. PARTICIPANTS

List of attendees is attached.

IV. PRESS PLAN

Press Pool

V. SEQUENCE OF EVENTS

-- The President enters the Roosevelt Room and greets the Clean Air Working Group representatives.
-- Photo-Opportunity
-- The President makes general remarks on his clean air philosophy.
--- Earl Mallick thanks the President and introduces speakers.
--- David Roderick gives a general overview and discusses ozone non-attainment.

--- Richard Morrow discusses non-attainment (stationary sources).
--- Roger Smith discusses non-attainment (mobile sources).
--- Robert Forney discusses air toxics.
--- Ed Addison discusses acid rain.
--- The President comments.
--- The President departs and the meeting adjourns.

Talking points are provided by Office of Domestic and Economic Policy.

CLEAN AIR WORKING GROUP MEETING WITH THE PRESIDENT

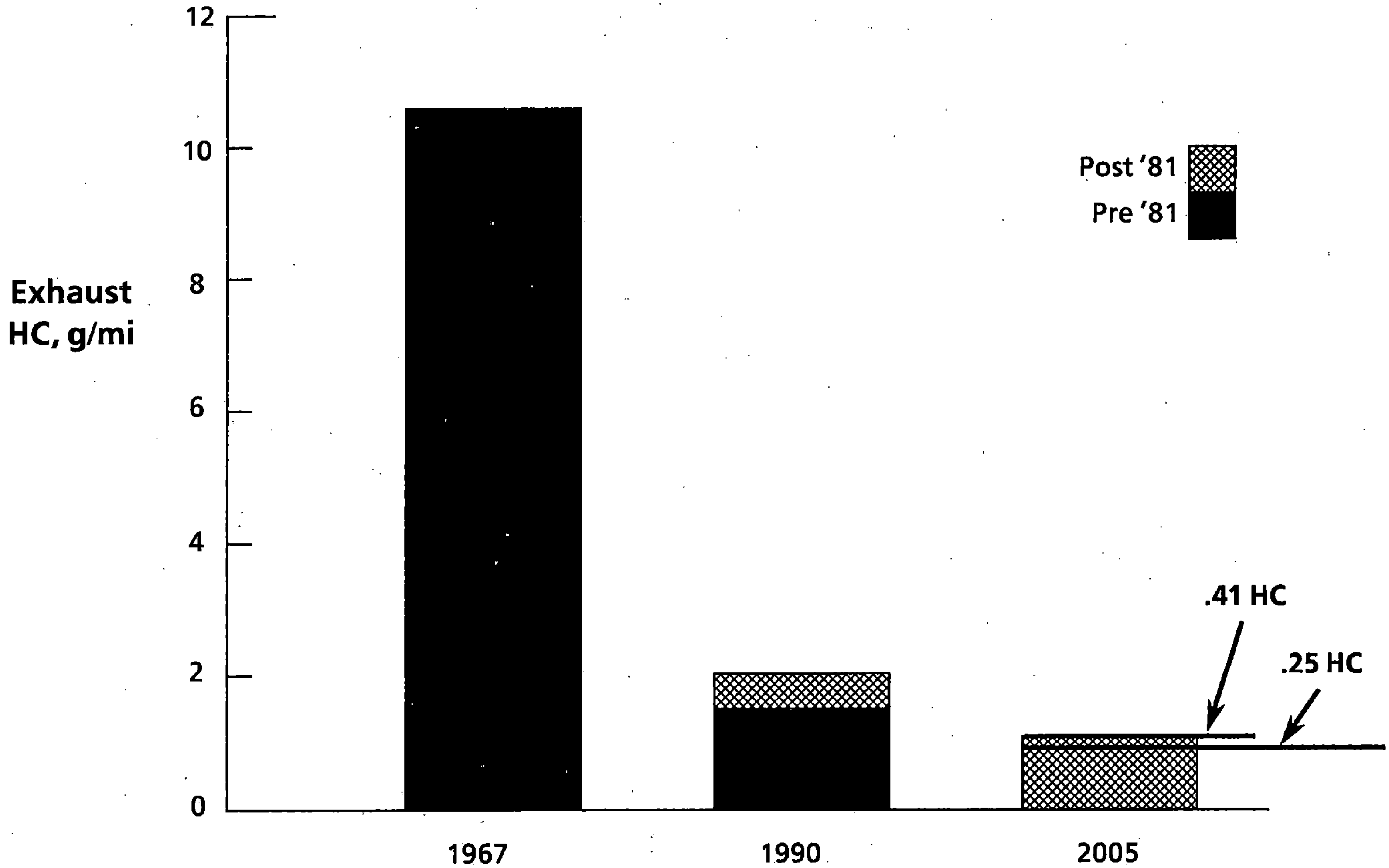
THE PRESIDENT
Governor Sununu, Chief of Staff
Secretary Watkins, Department of Energy
William Reilly, Administrator, Environmental Protection Agency
Richard Darman, Director, Office of Management and Budget
Roger Porter, Assistant to the President for Economic and Domestic Affairs
David Demarest, Assistant to the President for Communications
C. Boyden Gray, Counsel to the President

Earl MALLICK
Chairman, Clean Air Working Group
David RODERICK
Former Chairman, USX Corporation
Richard MORROW
Chairman, American Petroleum Institute
Chief Executive Officer, AMOCO Corporation
Roger SMITH
Chairman, Motor Vehicle Manufacturers Association
Chairman, General Motors Comporation
Robert FORNEY
Chairman, Chemical Manufacturers Association
Executive Vice President, E.I. DuPont de Nemours Company
Ed ADDISON
Policy Committee Chairman, Edison Electric Institute
President, The Southern Company
Edwin BEHRENS
Director, Technical Affairs, Procter and Gamble
George "Bud" LAWRENCE
President, American Gas Association
Richard LAWSON
President, National Coal Association
Alexander "Sandy" TROWBRIDGE
President, National Association of Manufacturers
Richard LESHER
President, U.S. Chamber of Commerce
Samuel MAURY
Executive Director, The Business Roundtable
John SLOAN
President, National Federation of Independent Business
William FAY
Administrator, Clean Air Working Group

Bobbie Kilberg, Deputy Assistant to the President for Public Liaison
Kathy Jeavons, Assistant Director, Office of Public Liaison
Bob Grady, Assistant Director for for Natural Resources, Office of Management and Budget
Nancy Maloley, Assistant Director, Office of Policy Development
Ken Yale, Executive Secretary, Domestic Policy Council
Bob Hahn, Senior Economist, Council of Economic Advisors
Bill Rosenberg, Assistant Administrator, Office of Air and Radiation, EPA
Scott Sutherland, Assistant Director for Business Liaison, Office of Public Liaison

PASSENGER CAR HC EMISSIONS

EPA MOBILE4 Projections

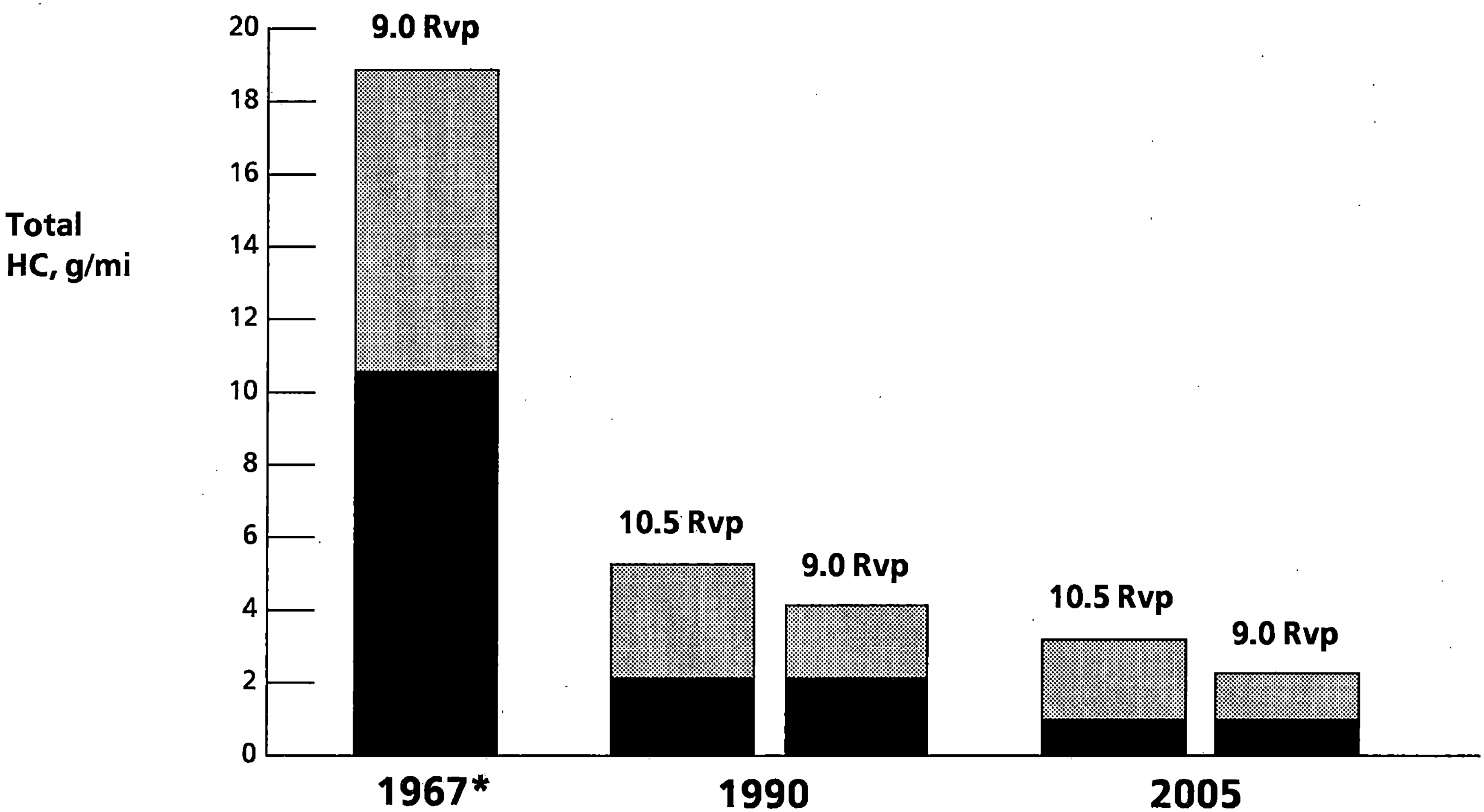


M4 6/7/89

PASSENGER CAR HYDROCARBON EMISSION SOURCES

EPA MOBILE4 Projections

Ozone Day Temperatures



*Exhaust emissions based on historical MVMA data.

MOTOR VEHICLE INDUSTRY PROGRESS IN CLEAN AIR

The progress in taking the auto out of the clean air issue is unparalleled. Compared with pre-controlled cars of the 1960s, 96% of the exhaust hydrocarbons and carbon monoxide and 76% of the oxides of nitrogen have been eliminated. Similar cuts have been made in truck emissions.

Since less than half of the vehicles on the road today were built to meet the most recent emissions standards, there will be further dramatic reductions in total motor vehicle emissions as new, cleaner cars replace older ones. These older vehicles account for almost 90% of vehicle hydrocarbons and carbon monoxide and 70% of the oxides of nitrogen even though they account for only about 40% of the miles driven.

With emission standards and fuel volatility policies now in place, as the existing fleet of vehicles is replaced, total automotive emissions will be reduced by 40 to 50% in the next 15 years or so. This will happen even if no new standards or programs are adopted. By comparison, even a stringent new standard of .25 grams per mile of hydrocarbons would result in only about 1% more control than will happen automatically.

While outstanding progress is being made, we nonetheless support reauthorization of the Clean Air Act. We believe there is a future for alternative fuels and are ready to support pilot programs to determine the best way to move forward. For existing cars, we think that inspection and maintenance programs should be strengthened and we support oxygenated fuel blends which can reduce certain emissions. We are also working on technologies that will smooth the flow of traffic and reduce congestion. The "intelligent vehicle" and "intelligent highway" save travel time and fuel and reduce emissions. We also support joint research programs in the environmental area and Ford, Chrysler and GM met recently to move forward on this front.

While a new exhaust standard would result in very little improvement, we recognize that Congress may move in that direction. If so, we urge that four principles should be included in the legislation. First, it should control only non-methane hydrocarbons; there should be separate requirements for certification of vehicles and vehicles in use; there should be no lengthening of "useful life;" and there should be adequate lead time and a phase-in process. Of course, the standards must be technologically feasible and not just increase vehicle recalls that do not improve the air significantly, but are costly and disruptive.

As we approach as near to zero emissions as is technologically possible, the costs become higher and the risks greater. We value cleaner air and we also value jobs and a competitive economy. The auto industry has taken a strong and costly dose of emissions control medicine and we are getting better and better. It is not a time to hit us with new controls which gain little but can hurt the economy and cost people their jobs. The risk is especially high for U.S. manufacturers which produce a full line of vehicles.

It is time to move away from micro management of the clean air program and adopt a flexible approach which can reach these goals through the most cost effective means possible.

6/8/89

THE WHITE HOUSE
WASHINGTON

DATE: May 12, 1989

FROM THE PRESIDENT

To: Governor Sununu
Administrator Reilly
Fred McClure

This was handed to me in the Cabinet Room on May 11, 1989.

Letter you are to give to the President

United States Senate

WASHINGTON, DC 20510

May 9, 1989

The President
The White House
1600 Pennsylvania Avenue
Washington D.C. 20500

Dear Mr. President:

Acid rain is a serious national and international problem. We would like to work with you to resolve it.

We understand that you will soon receive options from the Domestic Policy Council concerning your proposals for acid rain legislation. We welcome your efforts in this regard. However, we urge that you ensure that such legislation does not have an adverse impact on the economy of our region.

Traditional approaches to acid rain legislation have tended to unfairly allocate emissions reductions in excess of our region's actual contribution to the problem. Our states, which are responsible for less than half of SO_2 emissions, are required to make approximately two-thirds of the reductions required under these bills.

We believe there is widespread agreement in the Senate on the need to enact acid rain legislation. In our view, acid rain is a national problem requiring a national solution. The key to enacting an acid rain bill demands a strategy designed to mitigate disproportionate economic impacts among regions of the country. In order to ensure regional equity, therefore, we believe that the following principles must be incorporated into any proposed acid rain legislation:

> First, any new acid rain control legislation should ensure that significant, but fairly allocated emissions reductions of sulfur dioxide and nitrogen oxides are achieved.
>
> Second, any acid rain control legislation should be based on a reasonable schedule with reasonable deadlines.
>
> Third, any new acid rain control legislation should ensure that compliance deadlines for emission reductions be linked with the expected commercial availability of emerging clean coal technologies.

Fourth, any new acid rain control legislation should seek, to the maximum extent feasible, to avoid coal market disruptions.

Fifth, to ensure regional equity any new acid rain legislation should include cost sharing to provide incentives for the use of new or conventional clean coal technologies.

Sixth, any acid rain control legislation should be designed to ensure that rate impacts are minimized, in order to protect consumers and our industrial competitiveness.

We respectfully request that you incorporate these principles in any proposed acid rain control legislation that you transmit to the Congress. We would welcome the opportunity to discuss this with you or your designees.

Sincerely,

Wendell Ford	John Heinz
Kit Bond	Dan Coats
Dick Lugar	Arlen Specter (5-9 Acid Rain)
John Glenn	Paul Simon
Jay Rockefeller	Robert C. Byrd
Mitch McConnell	Jack Danforth

[illegible] Alan J Dixon

[redacted]

United States Senate
COMMITTEE ON APPROPRIATIONS
WASHINGTON, DC 20510-6025
OFFICIAL BUSINESS

Robert C. Byrd
U.S.S.

The Honorable George Bush
President
The White House
1600 Pennsylvania Avenue
Washington, D.C. 20500

[redacted]

[redacted]

THE WHITE HOUSE

WASHINGTON

May 15, 1989

DOMESTIC POLICY COUNCIL MEETING: ACID RAIN

DATE:	Tuesday, May 16, 1989
LOCATION:	Roosevelt Room
TIME:	2:00 p.m.
FROM:	David Q. Bates

I. PURPOSE

To discuss options on acid rain for an Administration Clean Air Act legislative proposal.

II. BACKGROUND

The Clean Air Act (CAA) was last amended in 1977. Due to controversial issues, it has been difficult to amend since then. The new Administration and changes in Congress have created a window of opportunity for clean air legislation.

During the campaign you said:

> "... As President, I will ask for a program to cut millions of tons of sulfur dioxide emissions by the year 2000, and to reduce significantly nitrogen oxide emissions as well."

In your February 9th statement to the Joint Session of Congress, you also said:

> "I will send to you shortly legislation for a new, more effective Clean Air Act. It will include a plan to reduce, by date certain, the emissions which cause acid rain -- because the time for study alone has passed, and the time for action is now."

The book, Building a Better America said:

> "The Administration's program will include market-based approaches, supplementing and modifying the traditional command-and-control approaches. The goal is to get the Federal government out of the detailed regulation of industry decisions and reduce the need for elaborate EPA-approved, State-prepared emission reduction plans ... The legislation will provide flexibility to states and industry to adopt least cost compliance strategies (and) incentives for the early deployment of innovative emission reduction techniques."

The major acid rain issues that have received the attention of the Council include:

- amount of reductions in emissions of Sulfur Dioxide ("SO_x") and nitrogen oxides ("NO_x");
- timing of reductions;
- interim targets (i.e., should there be a first phase);
- the allocation of emissions reductions to their industrial sources;
- trading between industrial sources of "marketable permits" to emit "SO_x" and "NO_x";

III. PARTICIPANTS

The President, Secretary Baker, Attorney General Thornburgh, Secretaries Yeutter, Dole, Sullivan, Kemp, Watkins, and Derwinski, Director Darman, Deputy Secretary Atwood, Mr. Tarr, Deputy Secretary Chao, Deputy Secretary Sanders, Governor Sununu, Administrator Reilly, General Scowcroft, Chairman Boskin, Messrs. Gray, Bates, Breeden, Cicconi, Fitzwater, McClure, Porter, Brady, Roper, Yale, Kristol, and Heimbach.

IV. PRESS PLAN

White House Photographer Only.

V. SEQUENCE OF EVENTS

- Brief remarks by the Attorney General.
- Administrator Reilly will give a presentation on acid rain.
- Discussion of acid rain issues and options.

VI. REMARKS

No remarks required.

ACID RAIN

(OVERHEADS)

PRESIDENTIAL COMMITMENTS

Campaign

"On the question of acid rain, the time for study alone has passed. We know enough now to begin taking steps to limit future damage...as president, I will ask for a program to cut million of tons of sulfur dioxide emissions by the year 2000, and to reduce significantly nitrogen oxide emissions as well."

February 9th Speech

"I will send to you shortly legislation for a new, more effective Clean Air Act. It will include a plan to reduce, by date certain, the emissions which cause acid rain--because the time for study alone has passed, and the time for action is now."

"Building a Better America"

"The administration's program will include market-based approaches, supplementing and modifying the traditional command-and-control approaches. The goal is to get the federal government out of the detailed regulation of industry decisions and reduce the need for elaborate EPA-approved, state-prepared emission reduction plans...the legislation will provide flexibility to states and industry to adopt least cost compliance strategies (and) incentives for the early deployment of innovative emission reduction techniques."

STATE OF THE SCIENCE

- o NATIONAL ACID PRECIPITATION ASSESSMENT PROGRAM (NAPAP) (10-year, $0.5 Billion Study)

- o 1989 MEMORANDUM FROM NAPAP DIRECTOR TO DPC DISCUSSED:

  SURFACE WATERS
  FORESTS
  VISIBILITY
  HEALTH
  MATERIALS

- o OTA REPORT

- o HARVARD PUBLIC HEALTH SCHOOL STUDY

BENEFIT/COST ESTIMATES

- Benefits exist but are difficult to quantify because ecosystems are complex and vary in their sensitivity

- 1987 Domestic Policy Council Study analyzed a proposal similar to the two-phased 8 million ton reduction option discussed here, and found that the total benefits and costs lie within a comparable range

CONTENTIOUS ISSUES

- <u>Impact on High Sulfur Coal Production and Employment</u>
  - Northern West Virginia, Western Pennsylvania, Ohio, Indiana, Illinois, Western Kentucky
  - Potential losses offset by gains in other areas (e.g., Southern West Virginia and the West)
- <u>Impact On Electricity Rates</u>
  - Mandating "scrubbers" on specific power plants could raise state-wide average rates 7 percent in Midwest; however, none of the options presented mandates any particular technology.
  - Proposals with greater flexibility would result in smaller increases--e.g., 3-4 percent
  - Rate increases for individual utilities could be higher

MAJOR DECISION/ISSUES

1. Amount of Reductions

2. Timing of Reductions

3. Interim Targets (i.e., should there be a first phase). If so, what timing and amounts

4. Emissions trading and "marketable permits"

5. Process for allocating reductions

ACID RAIN

AMOUNT OF SO2 REDUCTIONS

(SECOND PHASE)

1.	7 MILLION TONS	COSTS: 1.8 B PER YEAR
2.	8 MILLION TONS	COSTS: 2.7 B PER YEAR
3.	10 MILLION TONS	COSTS: 3.8 B PER YEAR
4.	10 MILLION TONS WITH CREDIT (TRADING) FOR NOX REDUCTIONS	COSTS: 3.0 B PER YEAR

(TOTALS UNDER ALL OPTION INCORPORATE 1 MILLION TONS ALREADY CONTROLLED FROM SMELTERS AND OTHER INDUSTRIAL SOURCES)

ACID RAIN

TIMING OF REDUCTIONS

(SECOND PHASE)

1. YEAR 2000 (DECEMBER 31, 2000)

2. YEAR 2003 (DECEMBER 31, 2003)

3. YEAR 2000, WITH 3 YEAR EXTENSION FOR SOURCES THAT USE INNOVATIVE CLEAN COAL TECHNOLOGIES

ACID RAIN

OPTIONS FOR FIRST PHASE PROGRAM

AMOUNT OF REDUCTIONS

1. 5 MILLION TONS — COST: $750 M
2. 4 MILLION TONS — COST: $450 M
3. NO FIRST PHASE

(TOTALS UNDER OPTIONS 1 AND 2 INCORPORATE 1 MILLIONS TONS ALREADY CONTROLLED FROM SMELTERS AND OTHER INDUSTRIAL SOURCES).

TIMING

1. 1994 (DECEMBER 31, 1994) — COST: INCURS COSTS EARLIER
2. 1995 (DECEMBER 31, 1995)
3. 5 YEARS FROM ENACTMENT

ACID RAIN

<u>OPTIONS FOR EMISSIONS TRADING</u>

<u>ALL AGENCIES AGREE ON AN INTERSTATE SYSTEM OF "MARKETABLE PERMITS" FOR THE SECOND PHASE PROGRAM</u>

<u>OPTIONS FOR FIRST PHASE PROGRAM</u>

1. ALLOW TRADING WITHIN A UTILITY SYSTEM (INCLUDING INTERSTATE UTILITIES)

2. ALLOW GOVERNORS TO DECIDE ON RE-ALLOCATIONS WITHIN STATES

3. FULL INTERSTATE TRADING

4. NO TRADING

ACID RAIN

PROCESS FOR ALLOCATING REDUCTIONS

OPTION 1. ESTABLISH MODERATE (2.5 LB) AVERAGE EMISSION RATES FOR CERTAIN LARGE SOURCES (107 PLANTS)

ESTABLISH ANNUAL AVERAGE RATE FOR ALL SOURCES IN SECOND PHASE

OPTION 2. TARGET FIRST PHASE REDUCTIONS TO TOP 20 COAL PLANTS

- 2:1 CREDITS FOR EARLY REDUCTIONS
- OIL PLANTS MUST MEET .8 LB. LIMIT UTILITY-WIDE

ESTABLISH ANNUAL AVERAGE EMISSION RATES FOR ALL SOURCES IN SECOND PHASE

ACID RAIN

OPTIONS FOR NOX REDUCTIONS

NO NOX REDUCTIONS	
2 MILLION TONS	COST: $0.3-0.5 B
4 MILLION TONS	COST: $1.5-2.5 B
ALL SO2/NOX TRADING	

ACID RAIN

OTHER ISSUES

1. OLD/NEW SOURCE TRADING

2. CREDIT FOR ENERGY CONSERVATION MEASURES

5/23/89

Soviet Pollution Hurts Finnish Wilderness

Tons of sulfur dioxide defoliate forest in far north.

By CRAIG R. WHITNEY

HELSINKI, Finland

THE Finns, who have lived a careful life of political neutrality for more than four decades, are now confidently offering criticism and advice to their big neighbor to the east on a problem they did not even suspect until last year: damage to northern Finnish wilderness areas from Soviet air pollution.

Mikhail S. Gorbachev's policy of "glasnost," or openness, led to a disclosure last October that several hundred thousand tons of air pollution from the Soviet Union was threatening the forests in the far north.

"We first saw dramatic effects during the past summer, with areas of hundreds of hectares of coniferous forest undergoing severe defoliation," said Alec Estlander, head of the air pollution division in the Ministry of the Environment.

"We weren't absolutely sure pollution was the cause," he said. "But last October we visited the Kola Peninsula as guests of the Soviets, and they provided us with the figures. The emissions from two big smelters alone, up in the far north, were greater than from all sources in Finland."

The prevailing wind in Finland is from the southwest rather than from the Soviet Union. And pollution from Western Europe, Poland, East Germany and local sources has damaged trees and lakes far more severely than anything the Soviet sources have contributed, conceded Dr. Pekka Kauppi, leader of a research project for the environment ministry. But Finnish scientists had thought the thinly populated marsh and forest areas of Lapland were so far away they were safe.

Exchanges Are Routine

Environmentalists on the Soviet side of the border have been among the most vociferous people taking advantage of Mr. Gorbachev's call for public debate about the country's problems. They have denounced the large-scale desecration of natural resources, particularly in Estonia, 60 miles across the Gulf of Finland from Helsinki. The Estonians speak a language closely related to Finnish and are seeking political and economic autonomy.

A trade union delegation from the Soviet Union came here last month to discuss environmental problems, and regular exchanges of information have become routine.

"There has been a big change over there, and we want to work with them and try to get them to adopt solutions," said Markku Wallin, environmental secretary of the Finnish central trade union organization.

The Finnish paperworkers union is especially interested in damage to the Finnish forests because forest products are a major industry here.

"We didn't know there was a problem at all five years ago," Dr. Kauppi said. "Now, we think the Soviets may have actually exaggerated the real extent of it."

The Finns, with the Environment Minister, Kaj Barlund, at the head of the delegation, went to Murmansk, Apatity and Monchegorsk in the Kola Peninsula as the guest of Fyodor T. Morgun, chairman of the Soviet state committee for protection of the environment.

'Forests Are Dying'

There they were told that in 1987 two nickel smelters in Monchegorsk and Zapolyarny alone blasted 561,000 tons of sulfur dioxide into the air a few miles east of the Finnish border. The Soviet authorities said that by 1993 they hoped to reduce the annual figure to 290,000 tons.

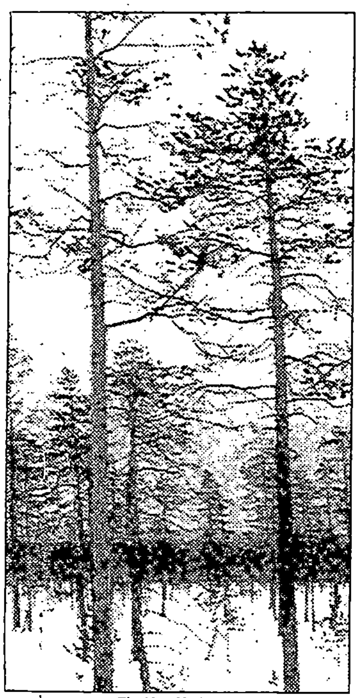
Those were the two worst single sites, but there were more, from paper pulp plants in Karelia and power plants in Estonia to factories in Leningrad. Together they produced 1.3 million tons of sulfur dioxide in 1987, which may be reduced to 850,000 tons annually by 1993. Besides sulfur dioxide, which is a major contributor to acid rain, there was pollution by heavy metal, mainly nickel and iron.

"They are very worried on the Soviet side, as well," said Johanna Haavio-Mannila, a journalist who has traveled to the area. "The forests are really dying. There is canker on the pines, and the needles turn yellow.'

Finland exports more than $4 billion of such products as elevators, furniture and paper to the Soviet Union every year. In return, it gets about the same amount of raw materials, fuel and pulp.

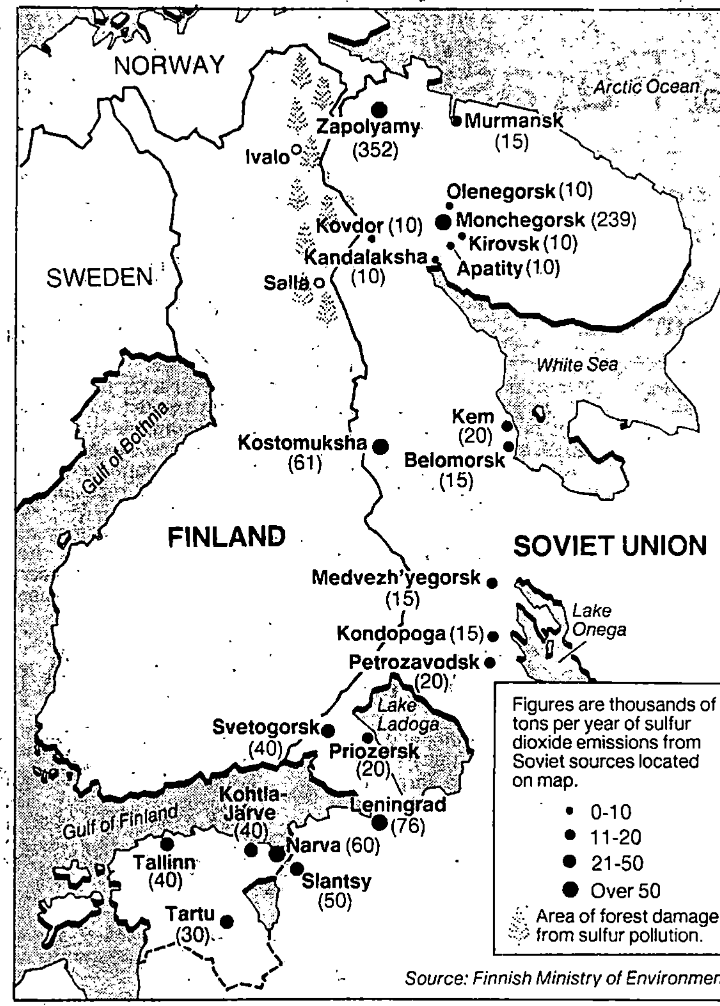
With any luck, Mr. Kauppi said, "we may be able to halt the damage to the northern forests before it is too late.

"In the south, we have clearly changed the ecosystem, particularly with lichens," he said. "Older people notice that we don't have long beard lichens in southern Finland at all any more, and there have been fish kills in acidified lakes in southern Sweden and Norway. At least we have gotten early warning about the problems of the north."



The New York Times/Risto Jalkanan

Pine trees near Salla, Finland, with branches defoliated by industrial air pollution.



The New York Times/May 23, 1989

The Soviet Union provided figures on sulfur dioxide emissions to visiting officials from the Finnish Ministry of the Environment.

Finns had thought the remote marshes and forests of Lapland were safe.