

Last updated: Tuesday, May 6, 2003

## Cleaning up coal for business and public health

It's time for the White House to enforce a 25-year-old law requiring cleanup of coal-burning plants that generate more than a third of our electricity. Why now? Because the plants are the most outdated in the United States. More than 80 percent were built before 1977 and do not comply with current air quality standards. They emit pollution that causes more than 20,000 deaths annually from lung and heart disease. Murky regulations, weak enforcement, and competitive pressures have trapped these plants in the past. EPA's New Source Review air quality regulations, which require companies to install best available technologies to control emissions, work well for new plants. But for old plants repairing or upgrading equipment, these regulations are maddeningly complex and often ignored. The administration now has an opportunity to break the gridlock before it becomes a hot issue in the upcoming presidential campaign, further increasing the regulatory uncertainty that utilities complain about. A congressionally commissioned report released in the past few weeks by the non-partisan National Academy for Public Administration recommends that EPA require all plants over 25 years old to install modern control technologies within five years. Younger plants would have 10 years to clean up. In the future, plants that upgrade could either install best available control technologies or pay others plants to clean up. This is fundamentally different from the proposal EPA has offered - exempting old plants from many cleanup requirements and allowing them to meet the remaining ones over two decades. With this, EPA has abandoned its 25-year struggle to make old coal-fired plants meet modern air quality standards. The New Source Review program suffers from two kinds of regulatory uncertainty. For industries that frequently redesign products and processes, the uncertainty is economic - how will EPA interpret New Source rules? Both the Academy and the White House favor a change in the law that would allow companies like Intel, which frequently repair or retool, future flexibility to install best available technologies themselves or pay other firms to do so. The other uncertainty is political and legal. In 1980, EPA decided not to require cleanup for "routine maintenance," but was unable to define this term clearly. Now, when it comes time to expand operations or replace old equipment, plant managers call their attorneys first, not engineering and finance. If lawyers decide that changes are "routine," the plant need not report anything to EPA even if it is suspending operations for months and spending hundreds of millions of dollars on modernization. The academy's answer to this mess is to insist that companies comply with requirements that have been in force for decades. They should install modern technologies now; "trading" with other firms would apply only to future changes. In contrast, the Bush administration has proposed to roll back standards, with regulations defining "routine maintenance" so loosely that all plants would be off the hook. The administration's proposal is no friend to business. It rewards scofflaws - a terrible precedent at a time of broad support for building flexibility into the Clean Air Act and other environmental statutes. The proposed regulations only add to regulatory and political uncertainty. Ten states with no coal resources, most of them in the downwind Northeast, have sued the administration over its failure to order coal plants to comply with New Source requirements. So utility CEOs and investors face hard choices. When plants need repairs, should they bite the bullet and clean up to modern standards? Or should they assume that the weak New Source proposal will win the day long enough to justify continued pollution? Cleaning up old coal could total \$60 billion to \$75 billion - about 0.1 percent of our gross domestic product annually for 10 years. This is not insignificant, but many utilities are ready to pay now rather than endure more uncertainty. Four years ago, American Electric

Power of Ohio, which burns more coal than any other utility, offered not only to reduce conventional pollution but also to cut greenhouse gas emissions if other firms were required to as well. But even coal itself has a silver lining. Years of R&D investment in combined-cycle gasification are starting to pay off. This technology burns coal cleanly and efficiently. Several weeks ago, Illinois' new governor, Rod Blagojevich, proposed a \$1 billion gasification project as the path to the future for his state's coal industry. Europe shut down most of its dirty coal plants 15 years ago, and even China is trying to wean itself from it. In America, Congress and the Bush administration face a rare opportunity to actually clean up the air. They can save lives and save money. All they need to do is follow through on a quarter-century old decision to modernize the nation's coal fleet. It sounds like one of those win-win situations. But no one will win without leadership. DeWitt John is a Fellow of the National Academy of Public Administration, and director of the Environmental Studies Program at Bowdoin College in Brunswick. 1