

INSIGHTS

Reductions of Power Plant Emissions on the Minds of State Regulators

May 26, 2005

Reducing power plant emissions seems to be the priority *du jour*, as several state regulatory agencies consider plans to comply with the [EPA's new clean air interstate rule \("CAIR"\)](#). Passed in March of this year, CAIR permanently caps sulfur dioxide ("SO₂") and nitrogen oxide ("NO_x") emissions in the eastern United States, by providing for SO₂ reductions of 70 percent and NO_x reductions of 60 percent by 2015. This past April, the Ozone Transport Commission ("OTC"), a multi-state organization created under the Clean Air Act encompassing the Northeast and the Mid-Atlantic states and the District of Columbia, held a meeting to gather ideas and comments from the industry regarding proposals to direct reductions of emissions at state-levels lower than that of CAIR. Trying to build upon a [position statement](#) it passed last year that petitioned for nationwide targets for SO₂ and NO_x emissions caps for the years 2008 and 2012, as well as stricter limits on the EPA's mercury emissions standards, OTC would like to see states recommend "CAIR-plus" programs in their implementation plans for meeting EPA standards, due in late 2006. OTC also urged other regions to participate in emissions reductions, possibly through a regional cap-and-trade program that would cover the entire eastern United States.

While they did not participate in the April OTC meeting, Midwestern and Southern officials also now appear to be focused on reducing SO₂ and NO_x emissions. An [interim white paper](#) released by the Midwest Regional Planning Organization in January of this year examined options for reductions in power plant emissions, but didn't commit to any actual approach. Reductions would apply to Illinois, Indiana, Michigan, Ohio and Wisconsin.

Not surprisingly, the electric industry expressed concerns over these proposals. Segments of the industry contend that reducing emissions below the CAIR targets could very well ruin many small- and medium-sized coal-fired plants by requiring the installation of emissions control technology such as selective catalytic reduction and flue gas desulphurization wet scrubbers at a cost of millions of dollars over the next decade. **[NEW MATTER]**