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Clearing the Polluted Sky

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CAMBRIDGE, Mass. — President Bush has called his Clear Skies initiative "the most aggressive initiative in American history to cut power plant emissions." It is unfortunate that many environmentalists and some legislators have opposed this plan. It provides for a huge reduction in emissions and uses innovative strategies to fight air pollution.

Mr. Bush's initiative has yet to be put in legislative form. But it would expand the use of the cap-and-trade approach to pollution control and it would seem to remove, although the administration has yet to make this clear, an outdated and obstructive feature of the Clean Air Act of 1970, namely the distinction between old and new sources of pollution.

Beyond some small programs aimed at reducing the amount of carbon dioxide in the air, the Clear Skies initiative does not address global warming. Neither, however, does the Clean Air Act. The president's plan is a proposal to reform the Clean Air Act to deal more effectively with traditional sources of pollution.

The Clear Skies initiative would establish hard national caps on power plant emissions of three key pollutants (sulfur dioxide, nitrogen oxide and mercury emissions), requiring reductions of about 70 percent from today's levels over 10 to 15 years. The method is like that of the cap-and-trade program for sulfur dioxide emissions created in 1990 to control acid rain. This approach is widely acknowledged to have reduced sulfur dioxide emissions more quickly and more cheaply than the so-called command-and-control methods that preceded it.

Cap-and-trade regulation has succeeded because it focuses on reducing total pollution to the emissions cap without specifying particular technologies and specific emissions levels for hundreds of different sources. The system allows sources to trade emissions permits, so that those facing very costly cleanup bills can effectively pay others with lower costs to reduce emissions on their behalf.

The main criticisms of Mr. Bush's plan focus on the move to end the distinction between old and new sources of emissions. The Clean Air Act held that plants built after 1970 had to have the best emission control technology available at the time they were built, and old plants that were substantially upgraded would have to meet the same standard. This approach was never a good idea and has now become unworkable and environmentally counterproductive.

The Clean Air Act provides that pollution sources are controlled under "state implementation plans," approved by the Environmental Protection Agency, that bring a state's emissions sources into line with national air quality standards. This core standard ensures uniformity so no high-emission hot spots develop; it is unaffected by the Clear Skies initiative.

But requiring new sources to meet more stringent requirements than old sources never made much sense. The hope in 1970 was that large future reductions in emissions would be made as old plants were retired and replaced by new plants. But two problems bedeviled implementation. Imposing more stringent requirements on new plants has effectively increased

the value of existing plants. The difficulty of siting new plants has made old plants less likely to be replaced, and dramatic technological advances have reduced maintenance costs and made it possible to extend the life of old plants.

Determining when an updated old source should have to meet new source standards has also proved difficult. The existing law contains a mechanism called new source review, whereby expenditures on existing plants are reviewed to see whether the plant has crossed the poorly defined line between old and new. The uncertainty of this line has discouraged power plant owners from improving existing units for fear of triggering "new source" requirements. It has also led to lengthy litigation over what is and isn't "new."

An expanded cap-and-trade program would make no distinction between new sources and old — and, given the administration's proposed cap, would be more effective in reducing sulfur dioxide, nitrogen oxide and mercury emissions than the existing system. (Such a system could be expanded to cover some particulates and volatile organic compounds as well as sources other than power plants.)

In the administration's plan, plant owners would get both the incentive to reduce emissions and the flexibility to find the cheapest cleanup strategies for key pollutants without regard to a plant's age. The nation is more likely to reduce air pollutants faster by scrapping the new-source strategy, increasing the use of cap-and-trade, and moving away from a system that requires regulators to make too many plant-by-plant decisions.

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