



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

APR 30 2002

OFFICE OF
AIR AND RADIATION

The Honorable John W. Olver
U.S. House of Representatives
Washington D.C. 20515

Dear Congressman Olver:

Thank you for your letter of February 21, 2002, in which you and 106 other Members of Congress expressed concern over reports about the Administration's plans to improve the Clean Air Act's New Source Review (NSR) program.

I want to assure you that I am committed to the air quality benefits provided by the NSR program. However, I believe the program can and should be improved. Many of the Agency's stakeholders share this view, including Governors and State Environmental Commissioners from both major parties. EPA is currently evaluating several possible ways to improve the program, including a number of ideas that were developed and proposed by prior administrations. As we continue this work, I want to address the concerns you raise in your letter.

First of all, I agree with your statement that we should be working to strengthen public health protections under the Clean Air Act. For this reason, on February 14, President Bush announced the Clear Skies Initiative. This initiative would dramatically cut emissions of nitrogen oxides, sulfur dioxide, and mercury from power plants over the next several years. It would use a cap-and-trade approach to cut emissions faster, more economically, and with more certainty than traditional approaches. Ultimately, air quality across the country will improve significantly as a result of these emissions cuts.

With respect to the NSR program, the regulatory improvements that the Agency is currently considering are intended to address widespread concerns about the effectiveness of the program. The improvements are aimed at reducing emissions and removing barriers to environmentally beneficial projects. They are also intended to promote greater certainty for regulated sources, improving overall environmental compliance. We continue to develop these improvements, but do not have a firm date for completing the effort.

At the same time, be assured that NSR enforcement remains a high priority. In April 2002, the EPA and the Department of Justice sent letters to two defendants in NSR enforcement cases. The letters encouraged the defendants to move forward with the settlements with the government that were agreed to in principle over a year ago. I continue to believe that reductions from such cases will provide Americans with cleaner, healthier air. For example, in New Jersey,

we recently settled a major enforcement action involving PSEG Fossil, LLC which EPA estimates will result in significant reductions in SO₂ (by 36,000 tons per year) and NO_x emissions (by 18,000 tons per year).

I also want to assure you that the Agency's efforts to improve the NSR regulations have involved an extraordinary level of public participation. The EPA has been coordinating a stakeholder-based effort to improve the NSR program since 1992. The effort has included the formation of a Federal advisory committee; the publication of two proposals in the *Federal Register*, each followed by a public comment period; several public hearings; and dozens of stakeholder meetings. Hundreds of environmental groups, industry, and State, local and Federal agency representatives participated in these many discussions and submitted comments in writing. Any regulatory changes we make will only be made after fully considering comments from the public. Indeed, I believe these and other steps assure a full, fair, and open process, and we will continue to maintain such a process as we move forward.

Again, thank you for your letter. If you have further questions, please contact me or your staff may contact Lora Strine, in EPA's Office of Congressional and Intergovernmental Relations, at (202) 564-5711.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeff Holmstead". The signature is written in a cursive, flowing style.

Jeffrey R. Holmstead
Assistant Administrator