



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

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OFFICE OF
AIR AND RADIATION

Melanie A. Marty, Ph.D., Chair
Children's Health Protection Advisory Committee
Cal/EPA, Office of Environmental Health Hazard Assessment
1515 Clay Street, 16th Floor
Oakland, CA 94612

Dear Dr. Marty:

Thank you for your letter of January 26, 2004, in which you provide comments on the Environmental Protection Agency's (EPA) recent proposals on mercury (and nickel) emissions and the Interstate Air Quality Rule (IAQR). I understand your concerns regarding the protection of the health and welfare of America's children and EPA's responsibility to ensure that sources of pollution are adequately controlled.

As outlined in your letter, EPA took two aggressive steps in December 2003 to significantly reduce emissions of mercury, nickel, nitrogen oxides (NO_x), and sulfur dioxide (SO₂) from the fossil fuel-fired electric utility sector. In coordinating the release of these two proposals, EPA has provided a mechanism by which the Agency can achieve a multipollutant emissions reduction strategy through the existing statutes outlined in the Clean Air Act - a strategy I believe to be the most cost-effective and environmentally beneficial.

In implementing cap-and-trade programs in the past, we have not observed the creation of hot spots. However, there are mechanisms in the recently proposed trading programs that provide for Federal and/or State actions to address hot spots, should they be identified. Historically, EPA has seen the largest emitters attempt to control emissions sooner (than later) in a cap-and-trade program because of the economies of scale and the ability to bank allowances for later years. Thus, we believe such a program creates incentives for the utility sector to aggressively seek reductions in NO_x and SO₂, which ultimately provide early mercury reductions.

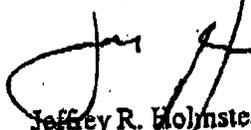
EPA is committed to protecting the public health of all citizens and the environment. We believe that the programs outlined above will provide the most cost-effective and environmentally beneficial approach to ensuring the continued welfare of the American public and the environment. These coordinated programs will work in concert to reduce the emissions of mercury, nickel, NO_x, and SO₂ from the utility sector, and ultimately lead to reduced deposition and an improvement in the water quality of our lakes, rivers, coastal waters, and oceans.

Internet Address (URL) - <http://www.epa.gov>

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Again, thank you for your letter. I look forward to working with you in the coming months to address the issues outlined in your letter. Your request for a meeting with the Administrator has been forwarded to his scheduler.

Sincerely,



Jeffrey R. Holmstead
Assistant Administrator