## 106TH CONGRESS 1ST SESSION

# H. R. 25

To reduce acid deposition under the Clean Air Act, and for other purposes.

### IN THE HOUSE OF REPRESENTATIVES

January 6, 1999

Mr. Boehlert introduced the following bill; which was referred to the Committee on Commerce

# A BILL

To reduce acid deposition under the Clean Air Act, and for other purposes.

- Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

  SECTION 1. SHORT TITLE.

  This Act may be cited as the "Acid Deposition and
  Ozone Control Act".
- 6 SEC. 2. FINDINGS AND PURPOSES.
- 7 (a) FINDINGS.—Congress finds that—
- 8 (1) reductions of atmospheric nitrogen oxide
- 9 and sulfur dioxide from utility plants, in addition to
- the reductions required under the Clean Air Act (42
- 11 U.S.C. 7401 et seq.), are needed to reduce acid dep-

- osition and its serious adverse effects on public health, natural resources, building structures, sensitive ecosystems, and visibility;
  - (2) nitrogen oxide and sulfur dioxide contribute to the development of fine particulates, suspected of causing human mortality and morbidity to a significant extent;
  - (3) regional nitrogen oxide reductions of 50 percent in the Eastern United States, in addition to the reductions required under the Clean Air Act, may be necessary to protect sensitive watersheds from the effects of nitrogen deposition;
  - (4) without reductions in nitrogen oxide and sulfur dioxide, the number of acidic lakes in the Adirondacks in the State of New York is expected to increase by up to 40 percent by 2040; and
  - (5) nitrogen oxide is highly mobile and can lead to ozone formation hundreds of miles from the emitting source.
  - (b) Purposes.—The purposes of this Act are—
    - (1) to recognize the current scientific understanding that emissions of nitrogen oxide and sulfur dioxide, and the acid deposition resulting from emissions of nitrogen oxide and sulfur dioxide, present a substantial human health and environmental risk;

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1	(2) to require reductions in nitrogen oxide and
2	sulfur dioxide emissions;
3	(3) to support the efforts of the Ozone Trans-
4	port Assessment Group to reduce ozone pollution;
5	(4) to reduce utility emissions of nitrogen oxide
6	by 70 percent from 1990 levels; and
7	(5) to reduce utility emissions of sulfur dioxide
8	by 50 percent after the implementation of phase II
9	sulfur dioxide requirements under section 405 of the
10	Clean Air Act (42 U.S.C. 7651d).
11	SEC. 3. DEFINITIONS.
12	In this Act:
13	(1) Administrator.—The term "Adminis-
14	trator" means the Administrator of the Environ-
15	mental Protection Agency.
16	(2) AFFECTED FACILITY.—The term "affected
17	facility" means a facility with 1 or more combustion
18	units that serve at least 1 electricity generator with
19	a capacity equal to or greater than 25 megawatts.
20	(3) $NO_x$ ALLOWANCE.—The term " $NO_x$ allow-
21	ance" means a limited authorization under section
22	4(3) to emit, in accordance with this Act, quantities
23	of nitrogen oxide.
24	(4) MMBTU.—The term "mmBtu" means
25	1 000 000 British thermal units

1	(5) Program.—The term "Program" means
2	the Nitrogen Oxide Allowance Program established
3	under section 4.
4	(6) STATE.—The term "State" means the 48
5	contiguous States and the District of Columbia.
6	SEC. 4. NITROGEN OXIDE ALLOWANCE PROGRAM.
7	(a) In General.—
8	(1) Establishment.—Not later than 18
9	months after the date of enactment of this Act, the
10	Administrator shall establish a program to be known
11	as the "Nitrogen Oxide Allowance Program".
12	(2) Scope.—The Program shall be conducted
13	in the 48 contiguous States and the District of Co-
14	lumbia.
15	(3) $NO_x$ allowances.—
16	(A) Allocation.—The Administrator
17	shall allocate under paragraph (4)—
18	(i) for each of calendar years 2002
19	through 2004, $5,400,000$ NO <sub>x</sub> allowances;
20	and
21	(ii) for calendar year 2005 and each
22	calendar year thereafter, $3,000,000 \text{ NO}_x$
23	allowances.
24	(B) Use.—Each $\mathrm{NO}_x$ allowance shall au-
25	thorize an affected facility to emit—

1	(i) 1 ton of nitrogen oxide during each
2	of the months of October, November, De-
3	cember, January, February, March, and
4	April of any year; or
5	(ii) ½ ton of nitrogen oxide during
6	each of the months of May, June, July
7	August, and September of any year.
8	(4) Allocation.—
9	(A) DEFINITION OF TOTAL ELECTRIC
10	POWER.—In this paragraph, the term "total
11	electric power" means all electric power gen-
12	erated by utility and nonutility generators for
13	distribution, including electricity generated
14	from solar, wind, hydro power, nuclear power
15	cogeneration facilities, and the combustion of
16	fossil fuel.
17	(B) Allocation of allowances.—The
18	Administrator shall allocate annual NO <sub>x</sub> allow-
19	ances to each of the States in proportion to the
20	State's share of the total electric power gen-
21	erated in all of the States.
22	(C) Publication.—The Administrator
23	shall publish in the Federal Register a list of
24	each State's NO <sub>x</sub> allowance allocation—

1	(i) by December 1, 2000, for calendar
2	years 2002 through 2004;
3	(ii) by December 1, 2002, for calendar
4	years 2005 through 2007; and
5	(iii) by December 1 of each calendar
6	year after 2002, for the calendar year that
7	begins 61 months thereafter.
8	(5) Intrastate distribution.—
9	(A) In general.—A State may submit to
10	the Administrator a report detailing the dis-
11	tribution of NO <sub>x</sub> allowances of the State to af-
12	fected facilities in the State—
13	(i) not later than September 30,
14	2001, for calendar years 2002 through
15	2004;
16	(ii) not later than September 30,
17	2003, for calendar years 2005 through
18	2012; and
19	(iii) not later than September 30 of
20	each calendar year after 2013, for the cal-
21	endar year that begins 61 months there-
22	after.
23	(B) ACTION BY THE ADMINISTRATOR.—If
24	a State submits a report under subparagraph
25	(A) not later than September 30 of the calendar

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1	year specified in subparagraph (A), the Admin-
2	istrator shall distribute the $\mathrm{NO}_{x}$ allowances to
3	affected facilities in the State as detailed in the
4	report.
5	(C) Late submission of report.—A re-
6	port submitted by a State after September 30
7	of a specified year shall be of no effect.
8	(D) DISTRIBUTION IN ABSENCE OF A RE-
9	PORT.—
10	(i) In general.—Subject to sub-
11	section (e), if a State does not submit a re-
12	port under subparagraph (A) not later
13	than September 30 of the calendar year
14	specified in subparagraph (A), the Admin-
15	istrator shall, not later than November 30
16	of that calendar year, distribute the $NO_x$
17	allowances for the calendar years specified
18	in subparagraph (A) to each affected facil-
19	ity in the State in proportion to the af-
20	fected facility's share of the total electric
21	power generated in the State.
22	(ii) Determination of facility's
23	SHARE.—In determining an affected facili-

1	sider the net electric power generated by
2	the facility and the State to be—
3	(I) for calendar years 2002
4	through 2004, the average annual
5	amount of electric power generated,
6	by the facility and the State, respec-
7	tively, in calendar years 1997 through
8	1999;
9	(II) for calendar years 2005
10	through 2012, the average annual
11	amount of electric power generated,
12	by the facility and the State, respec-
13	tively, in calendar years 1999 through
14	2001; and
15	(III) for calendar year 2013 and
16	each calendar year thereafter, the
17	amount of electric power generated,
18	by the facility and the State, respec-
19	tively, in the calendar year 5 years
20	previous to the year for which the de-
21	termination is made.
22	(E) Judicial Review.—A distribution of
23	NO <sub>x</sub> allowances by the Administrator under
24	subparagraph (D) shall not be subject to judi-
25	cial review.

1	(b) $NO_x$ Allowance Transfer System.—
2	(1) In general.—Not later than 18 months
3	after the date of enactment of this Act, the Adminis-
4	trator shall promulgate a $\mathrm{NO}_{\mathbf{x}}$ allowance system reg-
5	ulation under which a $NO_x$ allowance allocated
6	under this Act may be transferred among affected
7	facilities and any other person.
8	(2) Establishment.—The regulation shall es-
9	tablish the $\mathrm{NO}_{\mathrm{x}}$ allowance system under this section,
10	including requirements for the allocation, transfer,
11	and use of $NO_x$ allowances under this Act.
12	(3) Use of $NO_x$ allowances.—The regulation
13	shall—
14	(A) prohibit the use (but not the transfer
15	in accordance with paragraph (5)) of any $\mathrm{NO}_{\mathbf{x}}$
16	allowance before the calendar year for which
17	the $NO_x$ allowance is allocated; and
18	(B) provide that the unused $NO_x$ allow-
19	ances shall be carried forward and added to
20	$\mathrm{NO}_{\mathrm{x}}$ allowances allocated for subsequent years.
21	(4) Certification of Transfer.—A transfer
22	of a $NO_x$ allowance shall not be effective until a
23	written certification of the transfer, signed by a re-
24	sponsible official of the person making the transfer,

is received and recorded by the Administrator.

1	(c) $\mathrm{NO}_{\mathbf{x}}$ Allowance Tracking System.—Not later
2	than 18 months after the date of enactment of this Act
3	the Administrator shall promulgate regulations for
4	issuing, recording, and tracking the use and transfer of
5	$\mathrm{NO}_{x}$ allowances that shall specify all necessary procedures
6	and requirements for an orderly and competitive function-
7	ing of the $NO_x$ allowance system.
8	(d) Permit Requirements.—A $\mathrm{NO}_{\mathbf{x}}$ allowance allo-
9	cation or transfer shall, on recordation by the Adminis-
10	trator, be considered to be a part of each affected facility's
11	operating permit requirements, without a requirement for
12	any further permit review or revision.
13	(e) New Source Reserve.—
14	(1) In general.—For a State for which the
15	Administrator distributes $NO_x$ allowances under
16	subsection (a)(5)(D), the Administrator shall place
17	10 percent of the total annual $\mathrm{NO}_{\mathbf{x}}$ allowances of the
18	State in a new source reserve to be distributed by
19	the Administrator—
20	(A) for calendar years 2002 through 2005
21	to sources that commence operation after 1998
22	(B) for calendar years 2006 through 2011
23	to sources that commence operation after 2000
24	and

1	(C) for calendar year 2012 and each cal-
2	endar year thereafter, to sources that com-
3	mence operation after the calendar year that is
4	5 years previous to the year for which the dis-
5	tribution is made.
6	(2) Share.—For a State for which the Admin-
7	istrator distributes $\mathrm{NO}_{\mathbf{x}}$ allowances under subsection
8	(a)(5)(D), the Administrator shall distribute to each
9	new source a number of $\mathrm{NO}_{\mathbf{x}}$ allowances sufficient to
10	allow emissions by the source at a rate equal to the
11	lesser of the new source performance standard or
12	the permitted level for the full nameplate capacity of
13	the source, adjusted pro rata for the number of
14	months of the year during which the source oper-
15	ates.
16	(3) Unused No <sub>x</sub> allowances.—
17	(A) In general.—During the period of
18	calendar years 2000 through 2005, the Admin-
19	istrator shall conduct auctions at which a NO <sub>x</sub>
20	allowance remaining in the new source reserve
21	that has not been distributed under paragraph
22	(2) shall be offered for sale.
23	(B) OPEN AUCTIONS.—An auction under
24	subparagraph (A) shall be open to any person.

(C) CONDUCT OF AUCTION.—

1	(i) Method of Bidding.—A person
2	wishing to bid for a $NO_x$ allowance at an
3	auction under subparagraph (A) shall sub-
4	mit (by a date set by the Administrator) to
5	the Administrator (on a sealed bid sched-
6	ule provided by the Administrator) an offer
7	to purchase a specified number of $NO_x$ al-
8	lowances at a specified price.
9	(ii) Sale based on bid price.—A
10	$\mathrm{NO}_{\mathbf{x}}$ allowance auctioned under subpara-
11	graph (A) shall be sold on the basis of bid
12	price, starting with the highest priced bid
13	and continuing until all $NO_x$ allowances
14	for sale at the auction have been sold.
15	(iii) No minimum price.—A mini-
16	mum price shall not be set for the pur-
17	chase of a $NO_x$ allowance auctioned under
18	subparagraph (A).
19	(iv) REGULATIONS.—The Adminis-
20	trator, in consultation with the Secretary
21	of the Treasury, shall promulgate a regula-
22	tion to carry out this paragraph.
23	(D) Use of $no_x$ allowances.—A $NO_x$
24	allowance purchased at an auction under sub-
25	paragraph (A) may be used for any purpose

1	and at any time after the auction that is per-
2	mitted for use of a NO <sub>x</sub> allowance under this
3	Act.
4	(E) Proceeds of Auction.—The pro-
5	ceeds from an auction under this paragraph
6	shall be distributed to the owner of an affected
7	source in proportion to the number of allow-
8	ances that the owner would have received but
9	for this subsection.
10	(f) Nature of NO <sub>x</sub> Allowances.—
11	(1) Not a property right.—A $NO_x$ allow-
12	ance shall not be considered to be a property right.
13	(2) Limitation of No <sub>x</sub> allowances.—Not-
14	withstanding any other provision of law, the Admin-
15	is trator may terminate or limit a $\mathrm{NO}_{\mathbf{x}}$ allowance.
16	(g) Prohibitions.—
17	(1) In General.—After January 1, 2000, it
18	shall be unlawful—
19	(A) for the owner or operator of an af-
20	fected facility to operate the affected facility in
21	such a manner that the affected facility emits
22	nitrogen oxides in excess of the amount per-
23	mitted by the quantity of $NO_x$ allowances held
24	by the designated representative of the affected

facility; or

1	(B) for any person to hold, use, or transfer
2	a $NO_x$ allowance allocated under this Act, ex-
3	cept as provided under this Act.
4	(2) Other Emission Limitations.—Section
5	407 of the Clean Air Act (42 U.S.C. 7651f) is re-
6	pealed.
7	(3) Time of use.—A $NO_x$ allowance may not
8	be used before the calendar year for which the $\mathrm{NO}_{\mathbf{x}}$
9	allowance is allocated.
10	(4) Permitting, monitoring, and enforce-
11	MENT.—Nothing in this section affects—
12	(A) the permitting, monitoring, and en-
13	forcement obligations of the Administrator
14	under the Clean Air Act (42 U.S.C. 7401 et
15	seq.); or
16	(B) the requirements and liabilities of an
17	affected facility under that Act.
18	(h) Savings Provisions.—Nothing in this section—
19	(1) affects the application of, or compliance
20	with, the Clean Air Act (42 U.S.C. 7401 et seq.) for
21	an affected facility, including the provisions related
22	to applicable national ambient air quality standards
23	and State implementation plans;

1	(2) requires a change in, affects, or limits any
2	State law regulating electric utility rates or charges,
3	including prudency review under State law;
4	(3) affects the application of the Federal Power
5	Act (16 U.S.C. 791a et seq.) or the authority of the
6	Federal Energy Regulatory Commission under that
7	Act; or
8	(4) interferes with or impairs any program for
9	competitive bidding for power supply in a State in
10	which the Program is established.
11	SEC. 5. INDUSTRIAL SOURCE MONITORING.
12	Section 412(a) of the Clean Air Act (42 U.S.C.
13	7651k(a)) is amended in the first sentence by inserting
14	", or of any industrial facility with a capacity of 100 or
15	more mmBtu's per hour," after "The owner and operator
16	of any source subject to this title".
17	SEC. 6. EXCESS EMISSIONS PENALTY.
18	(a) In General.—
19	(1) Liability.—The owner or operator of an
20	affected facility that emits nitrogen oxides in any
21	calendar year in excess of the $NO_x$ allowances the
22	owner or operator holds for use for the facility for
23	that year shall be liable for the payment of an excess

emissions penalty.

1	(2) Calculation.—The excess emissions pen-
2	alty shall be calculated by multiplying \$6,000 by the
3	quantity that is equal to—
4	(A) the quantity of NO <sub>x</sub> allowances that
5	would authorize the nitrogen oxides emitted by
6	the facility for the calendar year; minus
7	(B) the quantity of $NO_x$ allowances that
8	the owner or operator holds for use for the fa-
9	cility for that year.
10	(3) Overlapping penalties.—A penalty
11	under this section shall not diminish the liability of
12	the owner or operator of an affected facility for any
13	fine, penalty, or assessment against the owner or op-
14	erator for the same violation under any other provi-
15	sion of law.
16	(b) Excess Emissions Offset.—
17	(1) In general.—The owner or operator of an
18	affected facility that emits nitrogen oxide during a
19	calendar year in excess of the $\mathrm{NO}_{\mathbf{x}}$ allowances held
20	for the facility for the calendar year shall offset in
21	the following calendar year a quantity of $\mathrm{NO}_{\mathbf{x}}$ allow-
22	ances equal to the number of $\mathrm{NO}_{x}$ allowances that
23	would authorize the excess nitrogen oxides emitted.

- 1 occur, the owner or operator of an affected facility
- 2 shall submit to the Administrator and the State in
- 3 which the affected facility is located a proposed plan
- 4 to achieve the offset required under paragraph (1).
- 5 (3) Condition of Permit.—On approval of
- 6 the proposed plan by the Administrator, as submit-
- 7 ted, or as modified or conditioned by the Adminis-
- 8 trator, the plan shall be considered a condition of
- 9 the operating permit for the affected facility without
- further review or revision of the permit.
- 11 (c) Penalty Adjustment.—The Administrator
- 12 shall annually adjust the amount of the penalty specified
- 13 in subsection (a) to reflect changes in the Consumer Price
- 14 Index for all urban consumers published by the Bureau
- 15 of Labor Statistics.
- 16 SEC. 7. SULFUR DIOXIDE ALLOWANCE PROGRAM REVI-
- 17 SIONS.
- Section 402 of the Clean Air Act (42 U.S.C. 7651a)
- 19 is amended by striking paragraph (3) and inserting the
- 20 following:
- 21 "(3) ALLOWANCE.—The term 'allowance'
- means an authorization, allocated to an affected unit
- by the Administrator under this title, to emit, during
- or after a specified calendar year—

1	"(A) in the case of allowances allocated for
2	calendar years 1997 through 2004, 1 ton of
3	sulfur dioxide; and
4	"(B) in the case of allowances allocated for
5	calendar year 2005 and each calendar year
6	thereafter, ½ ton of sulfur dioxide.".
7	SEC. 8. REGIONAL ECOSYSTEMS.
8	(a) Report.—
9	(1) In General.—Not later than December 31,
10	2004, the Administrator shall submit to Congress a
11	report identifying objectives for scientifically credible
12	environmental indicators, as determined by the Ad-
13	ministrator, that are sufficient to protect sensitive
14	ecosystems of the Adirondack Mountains, mid-Appa-
15	lachian Mountains, Rocky Mountains, and Southern
16	Blue Ridge Mountains and water bodies of the Great
17	Lakes, Lake Champlain, Long Island Sound, and
18	the Chesapeake Bay.
19	(2) ACID NEUTRALIZING CAPACITY.—The re-
20	port under paragraph (1) shall—
21	(A) include acid neutralizing capacity as
22	an indicator; and
23	(B) identify as an objective under para-
24	graph (1) the objective of increasing the propor-
25	tion of water bodies in sensitive receptor areas

- with an acid neutralizing capacity greater than
  zero from the proportion identified in surveys
  begun in 1984.
- 4 (3) UPDATED REPORT.—Not later than Decem-5 ber 31, 2008, the Administrator shall submit to 6 Congress a report updating the report under para-7 graph (1) and assessing the status and trends of 8 various environmental indicators for the regional 9 ecosystems referred to in paragraph (1).
  - (4) Reports under the National acid pre-CIPITATION ASSESSMENT PROGRAM.—The reports under this subsection shall be subject to the requirements applicable to a report under section 103(j)(3)(E) of the Clean Air Act (42 U.S.C. 7403(j)(3)(E)).

#### (b) Regulations.—

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- (1) Determination.—Not later than December 31, 2008, the Administrator shall determine whether emissions reductions under section 4 are sufficient to ensure achievement of the objectives stated in subsection (a)(1).
- (2) Promulgation.—If the Administrator determines under paragraph (1) that emissions reductions under section 4 are not sufficient to ensure achievement of the objectives identified in subsection

- 1 (a)(1), the Administrator shall promulgate, not later
- 2 than 2 years after making the finding, such regula-
- 3 tions, including modification of nitrogen oxide and
- 4 sulfur dioxide allowance allocations or any such
- 5 measure, as the Administrator determines are nec-
- 6 essary to protect the sensitive ecosystems described
- 7 in subsection (a)(1).

### 8 SEC. 9. GENERAL COMPLIANCE WITH OTHER PROVISIONS.

- 9 Except as expressly provided in this Act, compliance
- 10 with this Act shall not exempt or exclude the owner or
- 11 operator of an affected facility from compliance with any
- 12 other law.

### 13 SEC. 10. MERCURY EMISSION STUDY AND CONTROL.

- 14 (a) Study and Report.—The Administrator
- 15 shall—
- 16 (1) study the practicality of monitoring mercury
- emissions from all combustion units that have a ca-
- pacity equal to or greater than 250 mmBtu's per
- 19 hour; and
- 20 (2) not later than 2 years after the date of en-
- actment of this Act, submit to Congress a report on
- the results of the study.
- 23 (b) Regulations Concerning Monitoring.—Not
- 24 later than 1 year after the date of submission of the report
- 25 under subsection (a), the Administrator shall promulgate

- a regulation requiring the reporting of mercury emissions from units that have a capacity equal to or greater than 3 250 mmBtu's per hour. 4 (c) Emission Controls.— (1) IN GENERAL.—Not later than 1 year after 6 the commencement of monitoring activities under 7 subsection (b), the Administrator shall promulgate a 8 regulation controlling electric utility and industrial 9 source emissions of mercury. 10 (2) Factors.—The regulation shall take into 11 account technological feasibility, cost, and the pro-12 jected reduction in levels of mercury emissions that 13 will result from implementation of this Act. SEC. 11. DEPOSITION RESEARCH BY THE ENVIRONMENTAL 14 15 PROTECTION AGENCY. (a) IN GENERAL.—The Administrator shall establish 16 a competitive grant program to fund research related to 18 the effects of nitrogen deposition on sensitive watersheds 19 and coastal estuaries in the Eastern United States. 20 (b) CHEMISTRY OF LAKES AND STREAMS.— 21 (1) Initial Report.—Not later than Septem-22 ber 30, 2001, the Administrator shall submit to the
- 25 House of Representatives a report on the health and

Committee on Environment and Public Works of the

Senate and the Committee on Resources of the

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1	chemistry of lakes and streams of the Adirondacks
2	that were subjects of the report transmitted under
3	section 404 of Public Law 101–549 (commonly
4	known as the "Clean Air Act Amendments of
5	1990'') (104 Stat. 2632).
6	(2) Following Report.—Not later than 2
7	years after the date of the report under paragraph
8	(1), the Administrator shall submit a report updat-
9	ing the information contained in the initial report.
10	(c) AUTHORIZATION OF APPROPRIATIONS.—There
11 a	are authorized to be appropriated—
12	(1) to carry out subsection (a), \$1,000,000 for
13	each of fiscal years 2000 through 2005; and
14	(2) to carry out subsection $(b)$ , $$1,000,000$ for
15	each of fiscal years 2000, 2001, 2007, and 2008.

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