



The Honorable Richard B. Cheney
Vice President of the United States
The White House
1600 Pennsylvania Ave., NW
Washington, DC 20501

May 8, 2001

Connecticut

Delaware

District of Columbia

Maine

Maryland

Massachusetts

New Hampshire

New Jersey

New York

Pennsylvania

Rhode Island

Vermont

Virginia

Dear Vice President Cheney:

Energy issues are a major concern for the Federal and State governments alike, and a number of considerations in addition to energy supply should be taken into account as the Federal government finalizes a new national energy policy. In particular, it is essential that air quality and public health protection be integrated into the policy as a high priority. The emissions from fuel combustion used for energy generation can have a profound impact on public health.

The Ozone Transport Commission (OTC), a regional air pollution control commission of Northeast and Mid-Atlantic States, was created by Congress through the Clean Air Act Amendments of 1990, to address air quality management approaches to fuel combustion and other contributors to ground-level ozone, the main constituent in smog. Consisting of representatives of the Governors of 12 States and the Mayor of the District of Columbia, and State air pollution control officials, OTC has been working to ensure healthful air quality for citizens in its region. As a result, OTC is very concerned that the potential impacts of energy generation on public health be considered during the development of the new national energy policy.

OTC recently agreed to new air pollution control strategies to ensure attainment of the health-based air quality standards. In order to ensure that this progress is maintained over time, OTC has also been pursuing a clean electric power generation initiative. OTC believes that air quality protection and additional energy supply are compatible, and has already started on a regional level to develop incentives for encouraging cleaner forms of smaller distributed generation of electric power.

With the goal of protection of public health in mind, many of our States have also moved forward with actions encouraging clean power. They have acted both through energy conservation programs and through the permitting of new clean electric power generation. Through system benefit charge programs and other initiatives, States have also supported improvements in conservation and energy efficiency. At costs often substantially less than that of new construction, these programs have reduced the need for additional power. The State of Connecticut, for example, just recently documented the avoidance of 63 MW of new generation this past year at a cost of 2 cents per kilowatt-hour- well below the average rate for electricity in Connecticut

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(Connecticut Energy Conservation Management Board Report to the Legislature, January 2001). State commitments to clean power generation have been substantial financially as well; in the OTC's region alone, it is estimated that annual State funding has reached \$100 million for clean renewable sources alone.

It is important to note that OTC States have moved forward with siting, permitting, and constructing of a significant amount of new clean power generation over the last several years. We believe that standard air quality permitting practices are completely compatible with increasing clean energy supplies, and this belief is supported by our recent experience. For example, 7000 megawatts of new generating capacity has recently been permitted in New England- roughly a 25 percent increase in those six States' existing capacity base. Other States in our region have also been actively permitting additional generating capacity. In addition, we anticipate permitting of even greater additional capacity, based on our States' ability to process permits for such sources and on the basis of self-reported industry plans for at least 30,000 new megawatts. In short, we believe that existing air quality permitting programs and rules are adequate to facilitate the approval of new clean electric generation facilities.

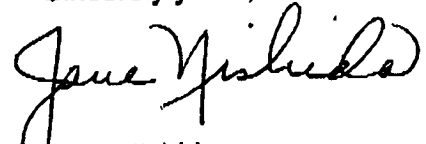
The Federal government must not only be supportive of such efforts, but must also lead by example, and address public health and energy supply goals simultaneously. Accordingly, we would like you to consider six specific suggestions for Federal action:

1. Ensure continued commitment to and implementation of existing Federal rules that States depend on for air quality protection, such as the U.S. Environmental Protection Agency's (EPA's) diesel engine and fuel rule, and the "Tier 2" emission and fuel rules for light duty vehicles. We applaud EPA's recent announcement that the diesel engine and fuel program will be implemented as published.
2. Increase support of programs and incentives that encourage clean power generation, including programs for research and development, and support of State programs in the areas of energy efficiency and renewable energy sources.
3. Promote both clean power and energy conservation in Federal operations, through Federal procurements and other actions.
4. Encourage private sector organizations that are proposing new electric power generation to optimize the efficiency of that generation.
5. Ensure that any changes to air quality permitting programs and rules to facilitate the creation of new energy supplies do not compromise the achievement of air quality standards.
6. Work with State air pollution control agencies to ensure that permitting of any new power generation facilities is done with appropriate air

quality safeguards. These agencies have a proven track record of expeditiously permitting new facilities while maintaining their commitments to achieving air quality objectives.

Energy generation can be made cleaner. Energy conservation and efficiency programs avoid the emissions of air pollutants altogether. We urge you to act on these principles, and to make public health through air quality protection part of the foundation of the new national energy policy. We, as environmental commissioners and secretaries of our States, would like to work with you in a collaborative effort towards this goal, and would be glad to offer you any assistance you desire.

Sincerely yours,



Jane Nishida
Chair

cc: Christine Todd Whitman, EPA
All OTC Members