

**OTC ANNOUNCES BEGINNING OF
NEW MARKET-BASED EMISSIONS TRADING PROGRAM
TO REDUCE REGIONAL POLLUTION**

(Wednesday, April 28, 1999, Washington, DC)--The Ozone Transport Commission (OTC) today announced the beginning of its new emissions trading program to reduce health-related ground-level ozone concentrations regionally in the Northeast and Mid-Atlantic States. A precedent-setting State effort, the program focuses on reducing regional utility and industrial boiler emissions of nitrogen oxides (NO_x), a key cause of ground-level ozone. Emissions trading uses market forces to reduce the overall cost of compliance for sources of NO_x, while maintaining emission reductions and environmental benefits.

"Reducing pollution from power plants and industrial sources helps our regional air pollution problem in the eastern United States," said John Cahill, OTC Chair and Commissioner of the New York State Department of Environmental Conservation. "Using a market-based program allows us to provide health benefits for our citizens, while providing compliance options for individual pollution sources."

To date, OTC estimates that about 25,000 tons of NO_x emissions have been reduced beyond State requirements. These "early reductions" provide additional credits that can be sold within the trading system, and have resulted in cleaner air. Emission brokers have already negotiated agreements for the sale of credits for the 1999 ozone season which begins on Saturday, May 1, 1999.

This is the second major initiative to cut boiler NO_x emissions within the region covered by OTC, following controls implemented in 1995. It results from a 1994 agreement of member jurisdictions of the OTC (all except Virginia) known as the OTC NO_x Memorandum of Understanding (MOU). All signatory jurisdictions of OTC either have fully implemented programs to ensure the pollution reductions of the MOU, or have drafted proposals to do so. Sources in States with complete programs now will be able to take advantage of the emissions trading provisions. This includes interstate sale of credits for emission reductions generated when sources reduce their emissions beyond that required by State rules. As a result, individual sources will be able to structure their compliance programs through credit purchases, controls to reduce emissions, or a combination of credits and controls.

A third cut in NO_x emissions is scheduled for May 2003. At that time, the program announced by the U.S. Environmental Protection Agency (EPA) to address the broad regional ozone problem across the eastern United States will also go into effect. The provisions of EPA's program are very similar to those of OTC's program under the Memorandum of Understanding. Under EPA's requirements, 22 States and the District of Columbia (including 10 OTC jurisdictions) must submit by September 30, 1999, regulations implementing the emissions reductions. The affected OTC jurisdictions that signed the Memorandum of Understanding expect to meet this deadline.

The OTC was created by the Clean Air Act Amendments of 1990 to coordinate the regional development of control plans for ground-level ozone in the Northeast and Mid-Atlantic States. Ground-level ozone is the primary constituent of smog. Connecticut, Delaware, the District of Columbia, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont, and Virginia are represented on the OTC.