



**OZONE
TRANSPORT
COMMISSION**

Ms. Christine Todd Whitman
Administrator
U.S. Environmental Protection Agency (1101A)
1200 Pennsylvania Ave., NW
Washington, DC 20460

August 9, 2001

Connecticut

Delaware

District of Columbia

Maine

Maryland

Massachusetts

New Hampshire

New Jersey

New York

Pennsylvania

Rhode Island

Vermont

Virginia

Mr. Spencer Abraham
Secretary
U.S. Department of Energy
1200 Independence Ave., NW
Washington, DC

Dear Administrator Whitman and Secretary Abraham:

As you are probably aware, the Ozone Transport Commission (OTC) was created by Congress in the Clean Air Act Amendments of 1990, to coordinate the control of ground-level ozone in the Northeast and Mid-Atlantic States. Its members include Connecticut, Delaware, the District of Columbia, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont, and Virginia.

At its 2001 Annual Meeting, held in Newport, Rhode Island, on July 24, 2001, OTC adopted a new "Statement of Principles to Encourage Energy Efficiency and Clean Energy Production and Use." This document articulates OTC's conviction regarding the compatibility of air quality protection and energy reliability goals and emphasizes OTC's desire to work cooperatively with Federal and State energy officials to collaborate on issues and actions of mutual interest to further these goals. It also highlights the role of air pollutant emission reductions in energy programs, and the opportunities to integrate environmentally protective energy-related provisions within air quality programs. In addition, it stresses the opportunities offered by clean combined heat and power (CHP), the importance of the development of information systems and strong public information programs, and the key role of sustainable transportation and land use policies.

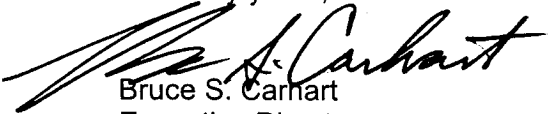
OTC believes that energy efficiency and clean energy production and use can be a great aid in helping us to attain and maintain the health-based ozone National Ambient Air Quality Standards (NAAQS), as well as to provide other environmental benefits, and support the goal of energy reliability. We stand ready to work with you, State energy offices, public utility commissions, and Independent System Operators to work towards these goals.

Bruce S. Carhart
Executive Director

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Washington, DC 20001
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e-mail: ozone@sso.org

A copy of OTC's Statement of Principles is attached. Please feel free to contact me at (202) 508-3840 if you would like to discuss ways in which we can collaborate on meeting joint air quality and energy goals.

Sincerely yours,



Bruce S. Carhart
Executive Director

cc: All OTC Members

**OZONE TRANSPORT COMMISSION
STATEMENT OF PRINCIPLES TO ENCOURAGE ENERGY EFFICIENCY
AND CLEAN ENERGY PRODUCTION AND USE**

WHEREAS the production and use of energy can result in significant amounts of pollutant emissions into the atmosphere; and

WHEREAS the emissions that result from energy production and use must be evaluated and controlled to ensure protection of public health; and

WHEREAS concerns have been raised regarding the reliability and cost of energy supply in several areas of the United States; and

WHEREAS pollution prevention and energy efficiency can minimize emissions and enhance energy reliability and reduce energy costs; and

WHEREAS pollution prevention and energy efficiency are two ways to minimize pollution while meeting energy needs and should be considered prior to new generation; and

WHEREAS energy issues fall within the regulatory and policy jurisdiction of multiple State departments and agencies, so cooperation and coordination among such organizations is essential to ensure optimal energy policies;

THEREFORE, BE IT RESOLVED that the protection of public health and the environment must be fundamentally integrated into decisions regarding energy policy; and

FURTHERMORE that the reductions of multiple pollutants through energy efficiency and other means should be encouraged in energy policy decisions; and

FURTHERMORE that OTC will utilize the attached set of principles to guide its involvement in energy-related issues; and

FURTHERMORE that OTC will work with State and Federal energy and utility regulators, and the Independent System Operators (ISOs), to implement energy policies that are designed to protect public health and environment while ensuring reliability at reasonable cost; and

FURTHERMORE that OTC will reach out to its State energy counterparts to discuss their concerns and to cooperatively develop potential opportunities and recommendations for joint regional action at the 2002 OTC Winter Meeting.

**STATEMENT OF PRINCIPLES
TO ENCOURAGE ENERGY EFFICIENCY AND CLEAN ENERGY PRODUCTION AND USE**

ENSURE COMPATIBILITY OF ENERGY AND AIR QUALITY GOALS

Energy and economic goals can be met through a sustainable energy policy without eroding air quality and public health mandates. Clean generation, energy efficiency, energy waste reduction, and conservation can and must be integrated into policies for developing sufficient and reliable energy capacity. In addition, energy efficiency and conservation can enhance energy reliability, and assist in reducing peak electricity prices and overall costs.

SEEK MULTIPLE POLLUTANT REDUCTIONS AND REDUCTIONS OF TRANSPORTED POLLUTION

Provisions for reducing emissions of multiple pollutants and reductions in the transport of pollutants should be considered in the context of new energy initiatives. Concurrent reductions of pollutants should be encouraged at existing electric generation units.

ENCOURAGE COMBINED HEAT AND POWER

Clean combined heat and power (CHP) should be encouraged. CHP with low emissions can provide superior energy efficiency, which in turn protects air quality and public health, and assures continued power reliability. Structural, regulatory, and policy barriers that impede application of CHP should be identified, and economic incentives should be investigated, as steps towards greater implementation of CHP.

PROVIDE INCENTIVES FOR ENERGY EFFICIENCY IN AIR QUALITY PROGRAMS

Whenever possible, incentives for energy efficiency, clean distributed generation, and renewable energy should be integrated into regulatory programs, such as air emissions trading mechanisms and air source permitting programs.

ESTABLISH INFORMATION SYSTEMS AND PUBLIC INFORMATION

Information systems are critical for educating the public, verifying data, and developing innovative programs. Energy conservation and efficiency can be encouraged through disclosure of emission attributes. Systems need to be developed and/or utilized that allow data to be gathered, verified, and shared to support energy and environment regulatory programs, promote informed consumer choice, and to promote energy efficiency and clean power through increased consumer awareness of the environmental impacts of energy use.

ENSURE COORDINATION AMONG ENERGY AND ENVIRONMENTAL OFFICIALS

State and Federal energy and environmental officials must seek out opportunities to jointly develop optimal energy policies and to incorporate emerging cleaner energy technologies. Whenever possible, such joint energy efficiency policy initiatives should be promoted nationally or over the broadest region possible.

PROVIDE FOR SUSTAINABLE TRANSPORTATION AND LAND USE POLICIES

Cleaner and more efficient forms of transportation are crucial to reducing energy demand and its associated public health, environmental, reliability, and cost impacts. Therefore, energy and environmental needs should be incorporated into land use planning, sustainable development practices, and other related activities.

LEAD BY EXAMPLE THROUGH STATE AND FEDERAL GOVERNMENT ACTIONS

Governments should lead by example in promoting energy efficiency and conservation through procurement and other actions related to energy use.