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**NEW REPORT SHOWS SUCCESS STORY IN AIR POLLUTION  
TRADING; NORTHEAST AND MID-ATLANTIC STATES CALL ON  
OTHER STATES IN THE EAST TO JOIN THE EFFORT TO CLEAN UP  
THE AIR**

(Washington, DC)-- The Ozone Transport Commission (OTC) today with the U.S. Environmental Protection Agency (EPA) jointly released a report which demonstrates the gains OTC's air pollution trading program has made in cleaning up the air of the Northeast and Mid-Atlantic States. The trading program, which is generally known as a "cap-and-trade" program, reduces pollution while permitting trading of emission credits known as allowances. At the same time, OTC called on other States which are covered by EPA's plan to reduce transport of ground-level ozone over State lines to work with OTC to take the next step: supporting a similar but broader, regional trading program which is incorporated in EPA's plan. The U.S. Circuit Court of Appeals for the District of Columbia on March 3, 2000, upheld EPA's plan, which had been challenged by a number of States and industrial groups.

"The new report shows that the cap-and-trade program is an efficient and effective way of dramatically reducing pollution," said John Cahill, OTC Chair and Commissioner of the New York State Department of Environmental Conservation. "We would like to work with Midwestern and Southern States to build on this success, and would hope that they do not try to further delay efforts to improve public health by pursuing additional litigation."

Ground-level ozone is the primary constituent in smog, and a significant public health problem. As a way of reducing ground-level ozone, OTC initiated its efforts to reduce emissions of nitrogen oxides (NOx) from major stationary sources, such as power plants, in a Memorandum of Understanding (MOU) approved in 1994. All States in OTC except Virginia signed this MOU. In addition to specific emission reduction requirements, the MOU also started the process of developing an emissions trading program which allows of trading NOx emission "allowances." Allowances are distributed by States according to individual State rules. Pollution sources can then purchase allowances if other pollution sources have reduced their emissions beyond regulatory requirements.

The new report states that emissions of NOx by relevant sources in affected States were reduced to just under 175,000 tons over the five-month ozone season which includes the summer of 1999. This is less than half of the emissions documented for these types of sources in 1990. The NOx reduction program was started in 1995, and the second phase of the program, including emissions trading, was fully implemented in 1999. A trading market has developed for NOx allowances, and costs are currently only a quarter to a half of what EPA regards as "highly cost effective" for NOx controls.

OTC States plan another cut in NOx emissions in 2003, consistent with EPA's plan, which is generally referred to as the "NOx SIP call." At least 19 States and the District of Columbia are affected by this plan. OTC has also supported, and its member States have implemented, a wide array of additional air pollution control measures, including numerous measures reducing pollution from motor vehicles.

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. Connecticut, Delaware, the District of Columbia, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont, and Virginia are represented on OTC.