

US EPA ARCHIVE DOCUMENT

The information presented here reflects EPA's modeling of the Clear Skies Act of 2002. The Agency is in the process of updating this information to reflect modifications included in the Clear Skies Act of 2003. The revised information will be posted on the Agency's Clear Skies Web site (www.epa.gov/clearskies) as soon as possible.

CLEAR SKIES IN CALIFORNIA¹

Human Health and Environmental Benefits of Clear Skies: Clear Skies would protect human health, improve air quality, and reduce deposition of sulfur dioxide (SO₂), nitrogen oxides (NO_x), and mercury.²

Clear Skies Benefits Nationwide

- In 2020, annual health benefits from reductions in ozone and fine particles would total \$93 billion, including 12,000 fewer premature deaths, far outweighing the \$6.49 billion cost of the Clear Skies program.
 - Using an alternative methodology results in over 7,000 premature deaths prevented and \$11 billion in benefits by 2020—still exceeding the cost of the program.³
 - Clear Skies would provide an additional \$3 billion in benefits due to improved visibility in National Parks and wilderness areas in 2020.
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- Clear Skies would achieve reductions in fine particle concentrations in California that would protect human health.
 - Beginning in 2020, over \$100 million of the annual benefits of Clear Skies would occur in California. Every year, these would include:
 - approximately 4,000 fewer days of work lost due to respiratory symptoms; and
 - approximately 24,000 fewer total days with respiratory-related symptoms.
 - Clear Skies delivers numerous environmental benefits by 2020:
 - nitrogen deposition would be reduced by up to 15% throughout nearly the entire state, but would increase by up to 15% in a very small northeastern area; and
 - under Clear Skies, the Western Regional Air Partnership (WRAP) agreement would be honored, and the WRAP emissions reductions are expected to take effect; this would allow future growth in the West to occur without degrading visibility.

¹ The projected impacts are the results of extensive emissions and regional air quality modeling and benefits analyses as summarized in the *Technical Addendum: Methodologies for Benefit Analysis of the Clear Skies Initiative, 2002*. While the policy analyses tools EPA used are among the best available, all such national scale policy assessments are subject to a number of uncertainties, particularly when projecting air quality or environmental impacts in particular locations.

² All human health and environmental benefits are calculated in comparison to existing Clean Air Act programs.

³ The two sets of estimates reflect alternative assumptions and analytical approaches regarding quantifying and evaluating the effects of airborne particles on public health. All estimates assume that particles are causally associated with health effects, and that all components have the same toxicity. Linear concentration-response relationships between PM and all health effects are assumed, indicating that reductions in PM have the same impact on health outcomes regardless of the absolute level of PM in a given location. The base estimate relies on estimates of the potential cumulative effect of long-term exposure to particles, while the alternative estimate presumes that PM effects are limited to those that accumulate over much shorter time periods. All such estimates are subject to a number of assumptions and uncertainties. It is of note that, based on recent preliminary findings from the Health Effects Institute, the magnitude of mortality from short-term exposure (alternative estimates) and hospital/ER admissions estimates (both estimates) may be overstated. The alternatives also use different approaches to value health effects damages. The key assumptions, uncertainties, and valuation methodologies underlying the approaches used to produce these results are detailed in the *Technical Addendum* noted above.

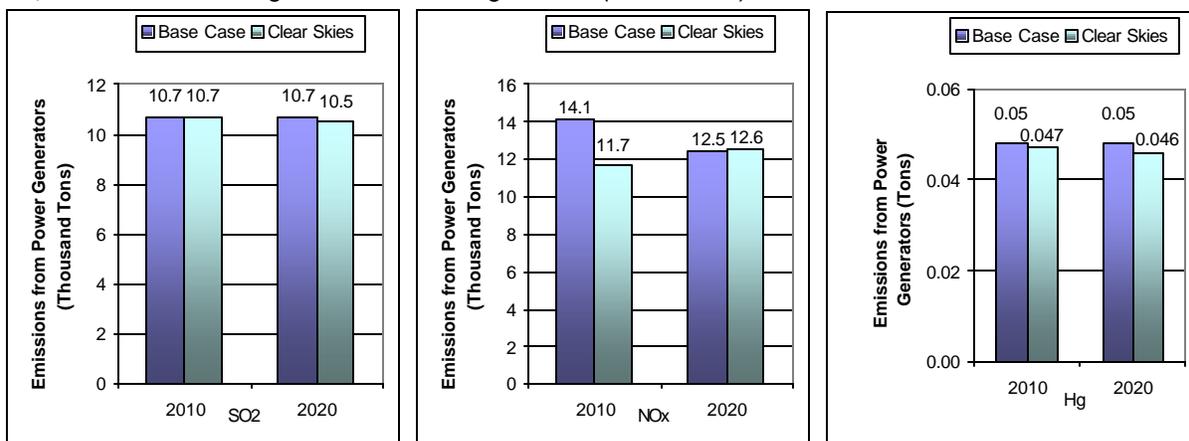
Changes in Emissions Under Clear Skies: Clear Skies is projected to result in significant emissions reductions from power generators by 2020.

- In California, Clear Skies is projected to reduce NOx emission levels and maintain current (2000) SO₂ and mercury emissions from power generators. By 2020, NOx emissions would be reduced 37% below current levels.

Nationwide Emissions under Clear Skies in 2020

- SO₂ emissions from power generators are projected to be 3.9 million tons (a 65% reduction from 2000 levels).
- NOx emissions are projected to be 1.7 million tons (a 67% reduction from 2000 levels).
- Mercury emissions are projected to be 18 tons (a 63% reduction from 2000 levels).
- At full implementation, the emission reductions would be 73% for SO₂, 67% for NOx, and 69% for mercury.

Figures 1a, 1b and 1c. Existing Clean Air Act Regulations (base case⁴) vs. Clear Skies in California in 2010 and 2020



- Emissions rates in California in 2010 and 2020:

Table 1. Projected Emissions Rates in 2010 and 2020 in California

Year		SO ₂		NOx		Hg
		Coal	All	Coal	Gas	Coal
		lbs/MMBtu	lbs/MMBtu	lbs/MMBtu	lbs/MMBtu	lbs/TBtu
2010	Base Case	0.93	0.03	0.16	0.02	4.18
	Clear Skies	0.93	0.02	0.16	0.02	4.08
2020	Base Case	0.93	0.02	0.16	0.02	4.18
	Clear Skies	0.92	0.02	0.15	0.02	4.07

Costs: Nationwide, the projected annual costs of Clear Skies (in \$1999) are \$3.69 billion in 2010 and \$6.49 billion in 2020.⁵

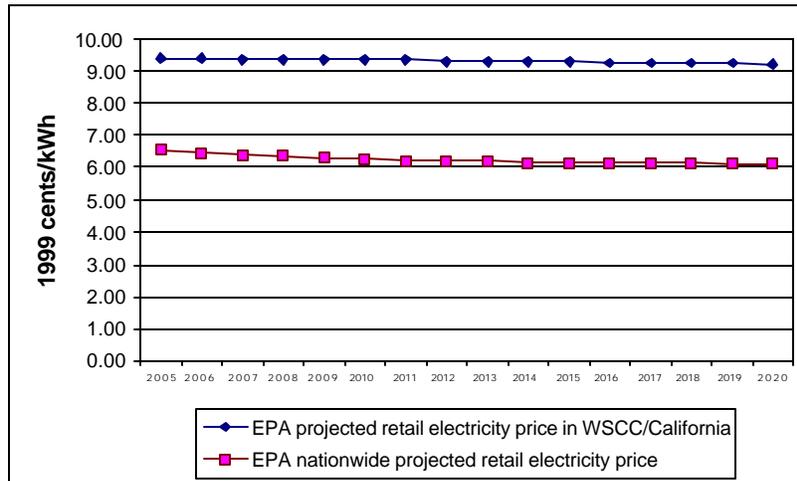
⁴ The base case includes Title IV, the NOx SIP call and State-specific caps in CT, MO and TX. It does not include mercury MACT in 2008 or any other potential future regulations to implement the current Clean Air Act.

⁵ EPA uses the Integrated Planning Model (IPM) to project the economic impact of Clear Skies on the power generation sector. IPM disaggregates the power generation sector into specific regions based on properties of the electric transmission system, power market fundamentals, and regional environmental regulations. These regions do not conform to State or EPA region boundaries making some compliance options, such as dispatch, and associated costs impractical to differentiate at a State or Regional level.

Changes in Projected Retail Electricity Prices Under Clear Skies: Electricity prices in California would not be significantly affected by Clear Skies.

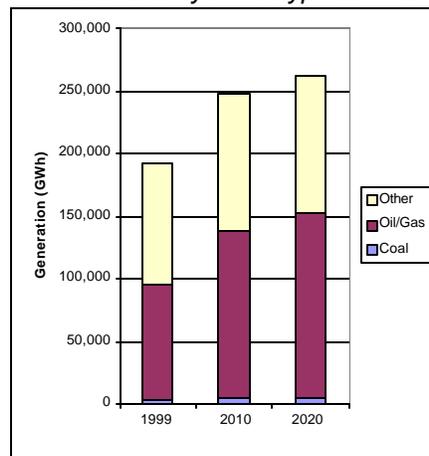
- In 1999, the average retail electricity price in California was approximately 9.34 cents/kWh, which was above the average *national* retail price of approximately 6.66 cents/kWh.⁶ As shown in Figure 3, retail prices in WSCC/California (the North American Electric Reliability Council (NERC) the region that contains California⁷) are projected to decrease slightly and remain above the national average between 2005 and 2020.⁸

Figure 2. Projected Retail Electricity Prices in WSCC/California under Clear Skies (2005-2020)



- Generation in California under Clear Skies:** Coal-fired power plants currently produce 1% of the electricity generated in California. This level of coal-fired generation would continue in California under Clear Skies at approximately 2% in 2010 and 1% in 2020. In 2010, there is projected to be approximately 300 MW of coal-fired capacity in California.

Figure 3. Current and Projected Generation by Fuel Type in California under Clear Skies (GWh)⁹



⁶ Source: 1999 EIA data at http://www.eia.doe.gov/cneaf/electricity/page/fact_sheets/retailprice.html.

⁷ California falls under NERC regions WSCC/California and WSCC/PNW. The region shown in the graph represents the larger capacity share of the state.

⁸ State-level retail electricity prices vary considerably across the United States. Variation in prices can be caused by many factors including access to low cost fuels for generating power, State taxes, and the mix of power plants in the States.

⁹ Source: 1999 data from EIA at http://www.eia.doe.gov/cneaf/electricity/st_profiles/california/ca.html (Table 5).

- EPA does not project that any facilities in California would switch from coal to natural gas in response to the Clear Skies emissions caps.
- Approximately 9% of California's coal-fired generation is projected to come from coal units with emission control equipment through 2020.¹⁰

Coal Production in California: California did not produce coal in 2000 and is not projected to produce coal under Clear Skies.

Major Generation Companies in California: The ten largest plants in the State -- each over 1200 MW -- are a combination of nuclear, hydro, and gas-fired plants. The major generation companies include: Pacific Gas and Electric Co., Southern California Edison Co., Los Angeles Dept of Water & Power, San Diego Gas & Electric Co., and Sacramento Municipal Utility District.

¹⁰ Emissions control equipment includes, where applicable, scrubbers, selective catalytic reduction, selective non-catalytic reduction, gas-reburn and activated carbon injection.