

US EPA ARCHIVE DOCUMENT

May 12, 2000

Chris Knopes
Deputy Director
Office of Environmental Policy Innovation (1802)
U.S. EPA
1200 Pennsylvania Avenue, NW
Washington, D.C. 20460

Dear Mr. Knopes:

The City of Chicago Department of Environment (CDOE) is submitting a Project XL proposal to the U.S. Environmental Protection Agency (USEPA) for your review and consideration. In this proposal, CDOE is seeking to exercise a section of the Clean Air Act to promote clean air and economic development by creating the equivalent of a growth allowance. New or expanding businesses who locate in a smart growth zone in the region would have access to emissions credits from the growth allowance instead of purchasing them in the market. The emissions credits for the growth allowance would come from local government actions which are currently not accounted for in the State Implementation Plan.

The project would benefit regional clean air and economic development by:

- retiring a percentage of the generated growth allowance prior to use by a new or modified stationary source thus creating a larger emission reduction than currently required under the New Source Review program.
- achieving reductions from sources not targeted by Illinois' current attainment plan.
- providing businesses with an economic incentive to locate in a smart growth zone thus simultaneously encouraging economic development and clean air.

This proposal will work in cooperation with the activities of the Chicago region and the Metropolitan Mayors Caucus which is developing air pollution reduction strategies for local governments. A copy of the proposal is attached. We look forward to discussing the project with you. If you have any questions please call Alexandra Holt at 312/744-3172.

Sincerely,

William F. Abolt

Commissioner