



ALCOA, Inc.
Clean Air Act Civil Judicial Settlement
Fact Sheet

Overview: On April 9, 2003, the Justice Department, and the Environmental Protection Agency announced a major Clean Air Act settlement with Alcoa Inc., that resolved violations of the Clean Air Act's New Source Review (NSR) and Prevention of Significant Deterioration (PSD) requirements. Under the settlement, Alcoa has committed to install pollution controls that will result in major reductions of harmful air pollutants annually and will fund several beneficial environmental projects.

With three citizen groups, and the involvement of the State of Texas, this consent decree is an excellent example of how effective federal, state, and citizen group partnerships can greatly benefit the environment and assure public health protection through enforcement actions.

Company/Rockdale facility: Alcoa is the world's leading producer of primary aluminum, fabricated aluminum, and alumina. Active in all major aspects of the industry — technology, mining, refining, smelting, fabricating and recycling. Alcoa is headquartered in Pittsburgh, Pa., and has 142,000 employees in 37 countries.

The company's **Rockdale facility**, located northeast of Austin, Texas, is the nation's largest emitter of sulfur dioxide (SO₂) and nitrogen oxides (NO_x) from the non-utility source category, according to EPA's 1999 National Emissions Inventory that was released in October 2001. These emissions were generated for the three coal-fired electric generating industrial boilers that support the smelter operations at Rockdale and are addressed in the agreement.

Environmental Benefits of the Settlement: The agreement will result in the annual reduction of approximately 15,480 tons of NO_x (90 percent) and 52,900 tons of SO₂ (95 percent).

NO_x: Nitrogen Oxide (NO_x) causes a variety of health and environmental impacts, such as ground-level ozone, acid rain, PM, global warming, water quality deterioration, and visual impairment. NO_x plays a major role, with VOCs, in the atmospheric reactions that produce ozone. NO_x forms when fuel is burned at high temperatures. The two major emissions sources are transportation and stationary fuel combustion sources such as electric utility and industrial boilers.

SO₂: High concentrations of sulfur dioxide (SO₂) affect breathing and may aggravate existing respiratory and cardiovascular disease. Sensitive populations include asthmatics, individuals with bronchitis or emphysema, children and the elderly. SO₂ is also a primary contributor to acid deposition, or acid rain.

Violations: In the 1980's, just as the Rockdale power plant was nearing the end of its useful life, Alcoa undertook a \$63 million program known as the "Betterment Project" to extend the life of the Rockdale power plant, rather than retire the power plant and build a new facility with state-of-the-art pollution controls. The "Betterment Project" did little to better the environment, however. After the completion of the four-year program, pollution from the Rockdale facility

increased over 13,000 tons each year as a result of Alcoa's changes.

Terms of the Proposed Consent Decree:

Injunctive Relief (valued at \$330 million): The agreement provides Alcoa three options that it may choose to achieve compliance:

1. Retrofit the existing Rockdale's Sandow Units 1, 2, and 3 with state-of-the-art pollution control equipment to control NO_x, SO₂ and PM by no later than March 1, 2007;
2. Replace the existing Rockdale's Sandow Units 1, 2, and 3 with new generating units that would meet best available control technology for NO_x, SO₂ and PM as permitted by the State of Texas by no later than December 31, 2007; or
3. Permanently shutdown existing Rockdale's Sandow Units 1, 2, and 3 by no later than December 31, 2006.

- ▶ Alcoa will also install continuous emission monitors for SO₂, NO_x, and PM in addition to the existing opacity continuous emission monitors.

Environmental Projects: Under the consent decree, Alcoa will provide \$2.5 million to fund the following environmental projects:

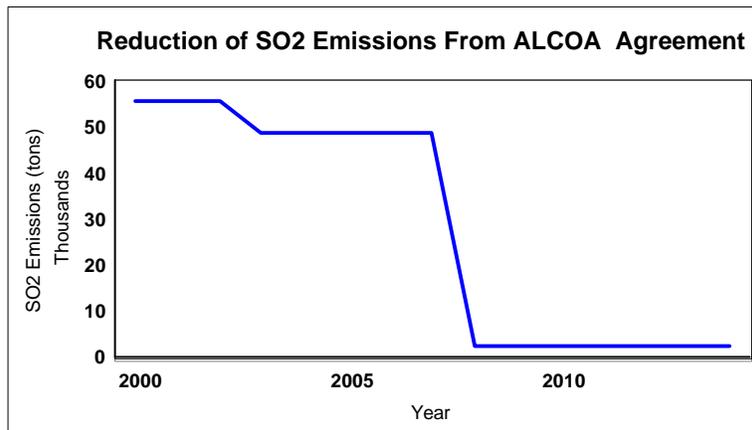
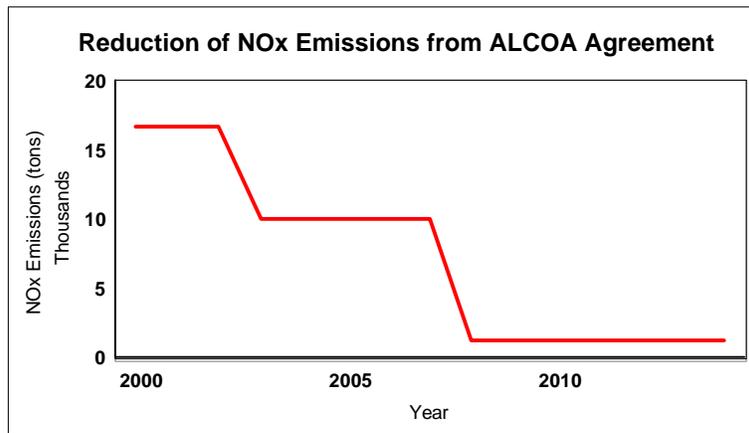
- ▶ Spend \$750,000 to retrofit school buses in the greater Rockdale/Austin area with PM pollution control devices.
- ▶ Provide \$1.75 million to the Trust for Public Lands, a national conservation organization, to purchase and maintain property designed to extend and protect the clean air, and the existing Houston toad habitat of the "Lost Pines" and Post Oak Savannah areas of Bastrop and Lee Counties in Central Texas.

Civil Penalty: Pay \$1.5 million dollars to the U.S. Treasury.

New Source Review Coal-Fired Power Plant Enforcement Initiative: This is one of a series of cases in the PSD/NSR enforcement effort to bring the power plant industry into full compliance with the Clean Air Act. The agreement resolves certain violations associated with PSD/NSR requirements applicable when "grandfathered" facilities are expanded in a way that increases emissions. The Alcoa consent decree represents the third judicial settlement under the power plants enforcement effort; the other settlement being PSEG Fossil in January 2002, and Tampa Electric Company (TECO) in January of 2000.

State Partnerships: EPA and the State of Texas issued notice of violations in January 2002, to address the PSD/NSR violations remedied by the agreement. While the State of Texas is not a co-plaintiff in the judicial action, Texas was involved in all settlement negotiations and was instrumental in achieving this favorable settlement. The State will be an important partner in the implementation of the consent decree, as the permitting process for the new pollution control devices will be conducted by the State.

Citizen Group Partnership: Neighbor for Neighbors, Inc., a local environmental organization, Environmental Defense, and Public Citizen, Inc., filed the initial action with the Federal District Court in December 2001 and are co-plaintiffs in this action. The citizens groups were key players to assure that the local issues surrounding this case were properly addressed and that the environmental projects required under the consent decree benefitted the local environment. The citizen groups were also involved in negotiations of the pollution controls and the operating parameters of the controls.



Source: Office of Enforcement and Compliance Assurance, April 7, 2003