

# Press Statement

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Environmental Protection Agency  
Office of Inspector General  
Washington, DC  
PSIG 04-01

For Immediate Release  
September 30, 2004  
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**WASHINGTON, D.C.** – Statement of Nikki L. Tinsley, Inspector General, U.S. Environmental Protection Agency, on Office of Inspector General report *New Source Review Rule Change Harms EPA's Ability to Enforce Against Coal-fired Electric Utilities*, dated September 30, 2004:

“Implementation of New Source Review (NSR) has been controversial for many years. EPA has made substantial progress in reducing emissions within the coal-fired electric utility industry through its NSR enforcement efforts. NSR settlements with 7 companies to date, involving 74 power-generating units, are projected to reduce annual sulfur dioxide emissions by more than 440,000 tons and nitrogen oxide by more than 210,000 tons. Both pollutants are associated with adverse health effects, including respiratory disease and infection. Agency officials believe the Clean Air Interstate Rule being considered will be more cost effective than NSR enforcement at reducing emissions at coal-fired utilities, and will achieve greater emission reductions at a faster rate.

Many have raised concerns about the impact on enforcement efforts of EPA’s October 2003 NSR rule change, which allows utilities to undertake projects up to 20 percent of the cost of the power generating unit without being subject to NSR requirements. As a result of legal challenges, a District of Columbia Court issued a stay in December 2003 delaying implementation of the NSR rule. EPA has announced its intention to reconsider the rule.

In response to Congressional interest, the Office of Inspector General reviewed EPA’s October 2003 NSR rule to determine the basis for the rule change and the change’s impact on EPA enforcement policies and practices for coal-fired electric utilities. We found little basis for the 20-percent threshold. Further, the NSR rule change has impaired EPA’s settlement activities, current enforcement cases, and potential cases.

The NSR provisions of the Clean Air Act are a critical tool to ensure that sources install lower-emitting control technologies as they make efficiency and other improvements. I urge EPA to fully consider the impact of any proposed NSR changes on enforcement and public health as it reconsiders the October 2003 NSR rule.”

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