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June 15, 2011

Lisa P. Jackson
Administrator
Environmental Protection Agency
Ariel Rios Federal Building
1200 Pennsylvania Avenue, NW
Washington, DC 20460

Dear Administrator Jackson:

I am writing regarding the Environmental Protection Agency's ("EPA") proposed Clean Air Transport Rule ("CATR"). Specifically, I am concerned with the Notice of Data Availability ("NODA") released on January 7, 2011, which proposes an amended CATR allowance allocation method. If adopted, the NODA will have an unnecessary negative economic impact on Pennsylvania workers and consumers without providing any additional environmental benefits over CATR as originally proposed.

Several Pennsylvania generating stations, and in turn, their employees, will suffer unnecessarily if the NODA is incorporated into CATR. For example, the Homer City coal-fired plant in Indiana County is equipped with controls to reduce NOx emissions, but only one of its three units is currently scrubbed to reduce SO_2. CATR will impose SO_2 caps in two phases, first in 2012 (Phase I), and more strictly in 2014 (Phase II). Homer City is already working towards efforts to install scrubbers to meet the Phase II requirements. This will be multi-million dollar investment that will create hundreds of construction jobs.

CATR originally allocated allowances based on historic emissions. This method allocated enough SO_2 allowances to Homer City to allow the facility to operate close to current levels until controls are installed to meet the Phase II requirements. Well into the rulemaking process, however, the NODA allocation method, which is based on heat-input, was introduced. The NODA would force Homer City to buy three times as many allowances as it needs under CATR. Other coal-fired plants find themselves in similar situations, while gas-fired and scrubbed coal plants receive a windfall of unneeded allocations.

A report commissioned by GE Energy Financial Services, a passive financial owner of Homer City, found that it would be more profitable for the companies who receive a windfall of allocations under the NODA to withhold them from the market. In turn, these companies can drive up electricity prices for consumers. Homer City produces 1,884 megawatts of electricity, enough for two million homes. It has nearly 260 employees who earn a higher than average

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salary of $73,500. Hundreds of local coal mining and trucking jobs are also dependent on the plant. If this facility, and others in similar situations, are forced to shut down or cut back their operations, hundreds of jobs are at risk. In addition, the report indicates electricity prices will rise by at least $359 million (if inter-state trading is allowed) and as much as $514 million (if only intra-state trading is allowed). Our Pennsylvania constituents may not only lose their jobs, but also see a $30 million per year increase in electricity costs, all for no environmental benefit.

In light of these concerns, I ask that the EPA approve an allowance allocation method in the finalize rule that preserves CATR's environmental goals without jeopardizing jobs or raising consumer prices. This can easily be achieved by adopting CATR as originally proposed, without the NODA. EPA regulations should not be used to penalize companies that have been in full compliance with the law, and that is the clear affect of the NODA.

Thank you for your consideration.

Sincerely,

Bill Shuster

Bill Shuster
Member of Congress