Protecting America's Environment

Sustaining the Nation's Health and Environment

Over the last three decades, American ingenuity has led to a reduction in adverse environmental and public health impacts from energy development and use. Americans demand a reliable energy supply and a clean environment, and we can achieve both. Spurred by strong environmental concerns, competitive forces, and environmental regulations, businesses have developed innovative technologies and pollution-prevention techniques to protect the environment. However, more can be done.

As our energy needs continue to grow and our production and distribution system is strained to capacity, it is clear that the lack of a comprehensive energy policy has environmental costs. For example, to prevent blackouts, California officials must tolerate a large short-term increase in smog-forming nitrogen oxides emissions. In Los Angeles, older, dirtier power plants have had to run longer than expected. California is also rushing to use mid-sized "peaker power plants" and diesel-fired emergency backup generators to keep the lights on.

The short-term cost in increased pollutant emissions of these emergency measures has been stark. Preliminary figures from California's South Coast Air Quality Management District indicate emissions have doubled in the first three months of the year compared with last year. In addition to nitrogen oxides emissions, diesel-fired backup generators also emit toxic soot. But with many days of blackouts predicted in California this summer, these generators will most likely run for much longer than expected, and could greatly increase emissions.

In the longer term, penalties and technological improvements should offset the impact of these increased emissions. However, California's experience demonstrates the environmental costs of not building an adequate supply of clean energy.

Government's Role

The federal government has a unique role in facilitating energy development while simultaneously protecting the environment and conserving our country's natural resource legacy. Energy development initiatives will be successful only if they adequately address their impacts on natural resource values.

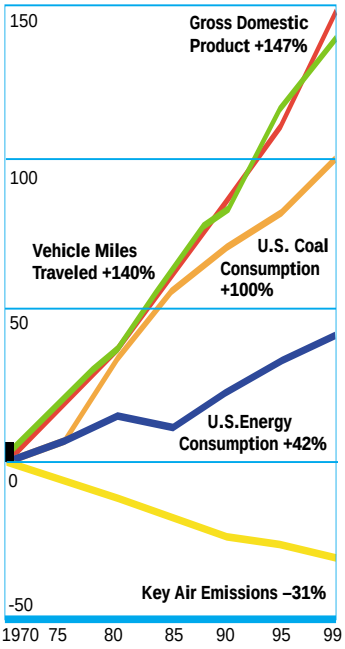
Federal, state, tribal, and local governments have the responsibility of protecting unique natural resources and environmental values. In fact, some environmental protections we enjoy today are often taken for granted. For example, lead levels in ambient air today are 98 percent lower than they were in 1970, largely because government regulations required that lead be removed from gasoline. The reduced number of children with IQs below 70 is attributed to reducing lead in our environment.

As U.S. energy needs grow, additional innovations will be necessary to continue improving environmental conditions and to meet new environmental challenges. As we improve the energy production and distribution system, all levels of government must ensure that regulatory systems protecting public health and the environment are rigorous and efficient, and encourage innovation and improvement.

Roughly 30 percent of our nation's electricity supply is now generated by nuclear, hydropower, and renewable sources, all of which have few air emissions.

Figure 3-1
Cleaner Air: Energy Consumption Has Risen While Emissions Have Declined

(Percent Change Since 1970)



Despite a marked increase in U.S. energy consumption, a combination of environmental regulations and technologies has decreased aggregate emissions of key air emissions: SO_2, NOx, mercury, CO, and volatile organic compounds.

Sources: U.S. Department of Energy, Energy Information Administration, and U.S. Environmental Protection Agency.

Air Quality

Regulatory Programs

Advances in technology and environmental regulations have decreased aggregate emissions of key air pollutants over the last three decades, despite a marked increase in energy consumption (Figure 3-1). Roughly 30 percent of our nation's electricity supply is now generated by nuclear, hydropower, and renewable sources, all of which have few air emissions.

Nonetheless, fossil fuel-fired power plants, other industrial sources, and vehicles remain significant sources of air pollution (Figure 3-2). These emissions can be associated with significant health problems, including respiratory and cardiopulmonary disease, cancer, and birth defects. In addition, they can be harmful to forests, water bodies, and fish, and can decrease visibility in scenic areas.

Environmental Protection Agency's (EPA) Acid Rain Program, enacted as part of the 1990 Clean Air Act Amendments, is the only program directed primarily at reducing air emissions from electric utilities.

Using flexible market-based incentives instead of technology-forcing standards, the program has reduced sulfur dioxide (SO_2) emissions from utilities faster than required by law for a fraction of the initial cost estimates. By 2010, EPA expects the program will reduce annual SO_2 emissions by 10 million tons from 1980 levels, thus avoiding significant health problems and the costs associated with those levels.

Federal and state regulatory programs also limit air pollution directly by restricting emissions from cars and trucks, and indirectly by setting criteria for the fuel for these vehicles. An individual car meeting 2004 federal requirements will emit 95 percent less carbon monoxide (CO), 94 percent fewer nitrogen oxides (NOx), and 98 percent fewer hydrocarbons than an average car did before laws limiting such vehicle pollution. Although individual cars and trucks are far cleaner today than they were in 1970, total emissions from the fleet of highway vehicles have remained relatively constant, because Americans drive twice as many miles today (2.5 trillion miles a year) as they did in 1970 (1.1 trillion miles a year).

Despite these and other achievements, further air quality improvements can be sought, as well as ways to address new problems identified by recent scientific findings. EPA has recently adopted new, more stringent standards to further reduce ozone and particulate matter. To meet public health and environmental challenges, power plants, industrial sources, and vehicles will need to produce fewer potentially harmful emissions.

Recommendation:

★ The NEPD Group recommends that the President direct the Administrator of the Environmental Protection Agency (EPA) to propose multi-pollutant legislation. The NEPD Group recommends that the President direct the EPA Administrator to work with Congress to propose legislation that would establish a flexible, market-based program to significantly reduce and cap emissions of sulfur dioxide, nitrogen oxides, and mercury from electric power generators. Such a program (with appropriate measures to address local concerns) would provide significant public health benefits even as we increase electricity supplies.

- Establish mandatory reduction targets for emissions of three main pollutants: sulfur dioxide, nitrogen oxides, and mercury.
- Phase in reductions over a reasonable period of time, similar to the successful acid rain reduction program established by the 1990 amendments to the Clean Air Act.
- Provide regulatory certainty to allow utilities to make modifications to their plants without fear of new litigation.
- Provide market-based incentives, such as emissions-trading credits to help achieve the required reductions.

Cleaner, More Efficient Technologies

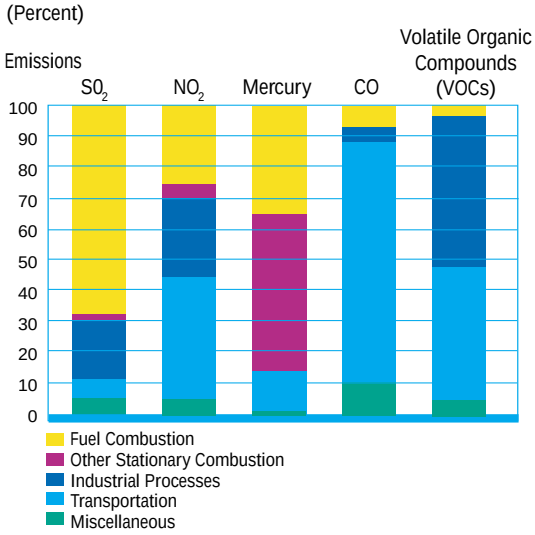
Emission control technologies and emission prevention not only decrease pollution but can also contribute to economic prosperity. Innovative emission control and prevention technology and increasingly efficient energy systems have developed at a brisk pace, increasing our ability to provide cleaner, cheaper energy. Besides reducing pollution, environmental technologies account for about $21.3 billion in U.S. exports, and support approximately 136,000 U.S. jobs.

The need to reduce emissions from cars and trucks has contributed to technological innovations that have transformed the domestic and global automotive industries. U.S. vehicle emission standards were the primary driving force for the original development of innovative technologies, many of which have become standard design features of today's high-tech vehicles: sophisticated three-way catalysts, on-board computers, oxygen sensors, and fuel-injection systems for cars and advanced fuel systems for trucks. Technologies such as these have allowed today's vehicles to be much cleaner, more efficient, higher performing, more reliable, and more durable than their counterparts of the 1960s and 1970s. Manufacturers are now working on developing state-of-the-art pollution control technology to further reduce emissions from motor vehicles. For optimal performance, this technology requires low-sulfur fuel that, consistent with applicable law, will be required in 2004 for gasoline and 2006 for diesel fuel. Some vehicles use alternative fuels (*e.g.*, natural gas, propane, ethanol, and electricity); others operate with a hybrid gasoline and electrical motor; and others are using fuel cells.

Cleaner Electricity

The source of energy used for power generation significantly affects the amount of air emissions. Clean energy can be generated from nuclear plants, hydropower facilities, wind farms, and solar energy systems with negligible (if any) air emissions. These sources today make up about 30 percent of our electricity supply. Solar and wind energy systems will continue to improve with advances in short-term weather and climate forecasting. Improved forecasting can also maximize hydropower efficiency.

Figure 3-2
Sources of Pollutants from Energy Generation and Use
(Percent)



Technology significantly reduces pollution from coal-fired power plants, which generate more electricity in the United States than any other source. For example, scrubbers can remove 95 percent of the SO_2 emissions from a coal-fired power plant. With the innovative, market-based SO_2 reduction requirements of the Clean Air Act Amendments of 1990, the estimated cost of using a scrubber on a coal-fired power plant to remove one ton of SO_2 has dropped approximately 40 percent in four years, from $474/ton in a 1993 estimate to $282/ton in a 1997 estimate, and continues to decline. Other existing control technologies for coal-fired plants can reduce NOx emissions by more than 90 percent.

A recently permitted state-of-the-art coal-fired unit, for example, at a Kansas City Power & Light facility, has 88 percent lower NOx, 99 percent lower particulate matter, and 92 percent lower SO_2 emissions than would an uncontrolled facility.

Recent research by the Department of Energy (DOE), EPA, and private companies suggests that existing technologies can also significantly reduce mercury emissions.

Technologies for Reducing SO_2 Emissions

Many power plants use flue-gas desulfurization, or scrubbers, to reduce SO_2 emissions from burning coal. The most common wet scrubber, the limestone forced-oxidation (LSFO) process, removes SO_2 from the flue gas by sorption and through chemical reactions with the limestone. LSFO technologies can remove up to 98 percent of SO_2 and significant amounts of mercury. The most common dry scrubber, the lime spray-drying process, is used for plants that burn lower-sulfur coals. A lime slurry mixes with the hot flue gas in a spray dryer and reacts with SO_2. By recapturing sorbent at the bottom of the spray dryer removed in a particulate control device, dry scrubbers can remove up to 96 percent of SO_2.

Clean Coal Technologies

New clean coal technologies are showing that air pollution can be reduced, and energy efficiency increased, by using America's abundant supply of coal.

Most conventional air emission control technologies installed on coal-fired electric-generating boilers have been designed to remove a specific pollutant from the stack flue gas. Because these technologies may not be the most cost effective means of reducing multiple pollutants, several companies are developing a single-control technology to reduce multiple air pollutants to levels equivalent to those achieved by conventional controls.

For example, a First Energy plant in New Hampshire recently pilot-tested state-of-the-art technology that has cut NOx emissions by 76 percent, SO_2 by 44 percent, total particulate matter by 99.94 percent, and mercury by 81 percent. The process uses electrically charged particles instead of catalysts to oxidize the air pollutants into products that are easily removed and can be converted to gypsum, fertilizer, and concentrated acids. American Electric Power is installing a wet scrubber system that it expects will remove up to 75 percent NOx and 90 percent mercury. It injects a phosphorus mixture into the hot flue gas, causing the release of ozone. The ozone then oxidizes the mercury into ionic mercury and the NOx into N_2, both of which are water-soluble and easily removed.

Using flexible market-based incentives, EPA's Acid Rain Program has reduced sulfur dioxide (SO_2) emissions from utilities faster than required by law for a fraction of the initial cost estimates.

Technologies for Improved Efficiencies

Two-thirds of the energy used in a conventional coal-fired power plant is wasted in the production of electricity. These losses can be minimized through a number of innovations, including installing high efficiency steam turbines, reducing steam leaks, and using software to optimize combustion efficiency. New coal-burning power plants can achieve efficiencies of over 40 percent using existing technology, and companies are developing even more efficient technologies. Wasted energy can also be recycled for use in industrial processes or for heating buildings.

A family of technologies known as combined heat and power (CHP) can achieve efficiencies of 80 percent or more. In addition to environmental benefits, CHP projects offer efficiency and cost savings in a variety of settings, including industrial boilers, energy systems, and small, building-scale applications. At industrial facilities alone, there is potential for an additional 124,000 megawatts (MW) of efficient power from gas-fired CHP, which could result in annual emission reductions of 614,000 tons of NOx emissions and 44 million metric tons of carbon equivalent. CHP is also one of a group of clean, highly reliable distributed energy technologies that reduce the amount of electricity lost in transmission while eliminating the need to construct expensive power lines to transmit power from large central power plants.

The U.S. Department of Energy, through its Clean Coal Technology Program, is working with utilities and scientists to develop even cleaner, more efficient electricity-generating systems using coal. One of the most promising new approaches to using coal for clean production of electricity is integrated gasification combined-cycle (IGCC) technology. IGCC power plants convert coal to a gaseous fuel, from which most

Clean Coal Technologies Up Close

The Wabash River Coal Gasification Project in Terre Haute, Indiana, is one of the cleanest, most efficient coal-burning facilities in the country. Partly funded by the Department of Energy (DOE) as part of its Clean Coal Technology Program, the 262-MW coal gasification facility is owned and operated by PSI Energy and Global Energy, Inc. Instead of being directly burned, the coal is gasified and then combusted in a combined-cycle gas turbine. This allows the coal to burn more efficiently—which means it gets more energy than a traditional plant out of the same amount of coal. The Wabash River Facility is over 20 percent more efficient than a typical coal-fired power plant.

The gasification process also allows many of the impurities in the coal to be removed before it is combusted to generate electricity. At the Wabash River project, over 99 percent of the sulfur is removed from the coal and marketed to industrial users of sulfur. Slag is also removed and is marketed to the construction industry. The plant's design allows it to burn other fuels, such as petroleum coke.

DOE is currently working with Global Energy and other industry partners to see if the plant could also be used to co-produce chemical feedstocks and transportation fuels. Additionally, DOE and its partners are studying lessons learned from the project to design a less expensive, more efficient coal gasification facility that would be ready for commercial deployment by 2005.

of the impurities are removed prior to combustion, and then use the gaseous fuel in a combustion turbine to produce electricity. Waste heat from the turbine is used to generate steam and drive a steam turbine, to produce more electricity.

Coal gasification plants offer the flexibility to burn other fuels, such as petroleum coke, and to make other products in addition to electricity, such as chemical feedstocks and transportation fuels. Hydrogen, which is produced directly in the coal gasifier, can be used in fuel cell-equipped vehicles. Methane, hydrogen, and other gasified coal products can be recombined into more traditional fuels, such as methanol, gasoline, or diesel fuel. Because these fuels would contain essentially no sulfur, they would easily meet EPA's sulfur standards for transportation fuels, and they would be usable in fuel cell-equipped vehicles designed for these fuels.

Two plants demonstrating coal gasification technology have already been built in the United States and have achieved over 98 percent SO_2 reduction, 90 percent NOx reduction, particulate emissions below detectable levels, and approximately 38 percent efficiency. EPA believes that lessons learned will enable the next plant of this design to achieve 42 percent efficiency, and the research goal is to achieve 60 percent efficiency for plants introduced after 2015.

A modern gas-fired power plant has virtually no SO_2 or mercury emissions and emits 97 percent less NOx and 50 percent less carbon dioxide (CO_2) than a traditional coal-fired plant. Natural gas as a source of electricity generation is on the rise, in part because it can help generators meet increasingly stringent clean air requirements.

Conservation and Environmental Protection

Conserving energy minimizes adverse environmental effects. Government partnerships with businesses and consumers are improving the energy efficiency of homes, office buildings, transportation sources, and industrial sites throughout the country. EPA's voluntary conservation and energy efficiency programs include Energy Star products labeling; Energy Star Residential programs for both new homes and home improvement; Energy Star Buildings, principally for commercial buildings; and new Energy Star for Industry, which focuses on manufacturers. In 2000, business participation in EPA's voluntary energy efficiency

programs reduced NOx emissions by more than 160,000 tons.

Through EPA's and the Department of Transportation's Commuter Choice Leadership Initiative, private-public employers are offering employees a variety of commuting options, which encourage commuting patterns that save fuel and energy while reducing emissions. For example, a 10 percent reduction in the rate of growth in vehicle miles traveled can result in annual savings of 38 million barrels of gasoline (82 million barrels of oil) by 2005, and can remove 45,000 metric tons of NOx, 37,000 metric tons of hydrocarbons, and 4.8 million metric tons of carbon-equivalent emissions.

Energy efficiency and conservation in the home are also important factors. Examples include EPA's home improvement program, which involves efficient appliances, duct work to prevent air conditioners from leaking, efficient windows, programmable thermostats, and efficient residential lighting.

Federal and state regulators are working with businesses and communities to mitigate adverse environmental impacts by requiring developers and operators to choose more environmentally friendly sites, infrastructure routes, and operational criteria; fostering the use of technologies that both protect the environment and still meet energy production goals; and requiring reclamation and mitigation of any environmental damage.

Water Quality

Oil, gas, and coal extraction processes can degrade water quality through their discharges. Energy generation and use can also degrade water quality by directly discharging pollutants into water bodies; changing the temperature, timing, and flow characteristics of water bodies; and emitting pollutants into the air that are ultimately deposited in water. Leaking storage tanks and pipelines release petroleum and fuel additives that can contaminate surface water and ground water, including drinking-water supplies.

Federal and state regulators are working with businesses and communities to mitigate these adverse impacts by requiring developers and operators to choose more environmentally friendly sites, infrastructure routes, and operational criteria; fostering the use of technologies that both protect the environment and meet energy production goals; and requiring reclamation and mitigation of any environmental damage. For example, as a result of an analysis under the National Environmental Policy Act of the impacts of a new power plant in California, the company building the plant agreed to change the design to use a dry cooling method. This change reduced ground-water consumption by 95 percent and eliminated both cooling tower "blowdown" water and particulate emissions, while still achieving the desired energy production. Adverse impacts to aquatic life from cooling-water intakes, thermal discharges, and hydropower intakes can be minimized with proper design and environmental controls. A cooperative government, industry, and community-based approach during project siting and design will help ensure full consideration of the effects upon fish and aquatic resources.

Programs to reduce air pollution also help clean up water bodies. For example, reducing electric utilities' air emissions of NOx and SO_2 and vehicles' NOx emissions reduces eutrophication and acid deposition in estuaries, both of which can harm fish populations and threaten commercial and recreational yields. For example, roughly 25 percent of nitrogen (which contributes to

eutrophication) entering Chesapeake Bay is from air emissions. And by significantly reducing SO_2 air emissions, the Acid Rain Program has helped reduce the acidification of water bodies.

Airborne mercury emitted by coal-fired power plants has been deposited into thousands of water bodies, and humans can be exposed to toxic methyl mercury when they eat fish from these waters. The Bush Administration will propose legislation adding mercury to the list of pollutant emissions from power plants that will be subject to mandatory limits.

Fish, Wildlife, and Their Habitat

Ecosystems provide food, shelter, and critical breeding and spawning grounds for fish and wildlife, and support commercial and recreational fishing, tourism, and other activities that contribute billions of dollars to the U.S. economy every year. Oil and gas exploration and production, hydropower dams, power plants, pipelines, and other energy-related projects can potentially affect fish, wildlife, and habitat. However, technological advances, a strong commitment to environmental protection, and the use of appropriate regulatory tools can enable proper energy development to go forward in an environmentally sensitive manner. It is important to recognize and to continue the progress in this area.

When energy development is proposed, the federal government has the dual responsibilities of facilitating such energy development *and* conserving our natural resource legacy.

Recommendation:

★ The NEPD Group recommends that the President direct the Secretary of the Interior to work with Congress to create the "Royalties Conservation Fund."

- This fund will earmark potentially billions of dollars in royalties from new oil and gas prodution in ANWR to fund land conservation efforts.
- This fund will also be used to eliminate the maintenance and improvements backlog on federal lands.

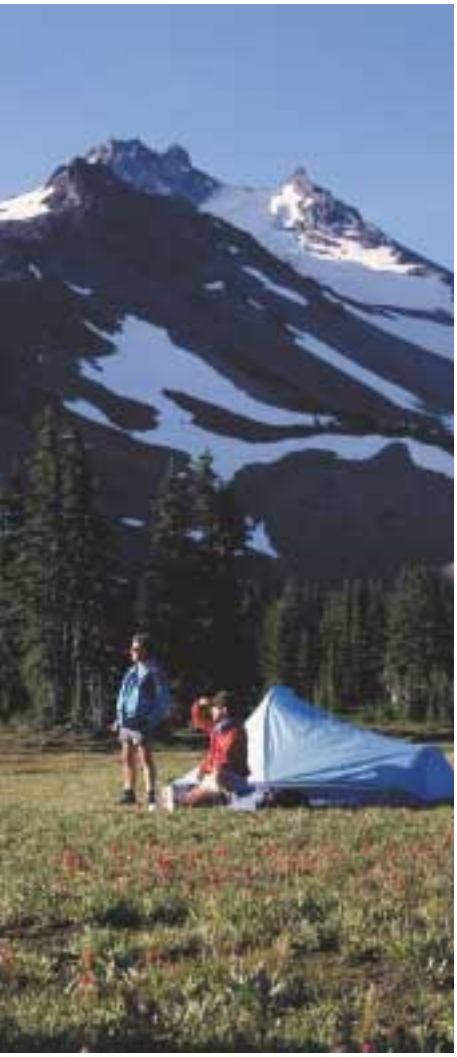
Technological advances and a strong commitment to environmental protection are enabling the healthy coexistence of our nation's diverse ecosystems with the development of energy resources.

Special efforts are often necessary to ensure that proposed energy projects do not diminish the vitality of these unique resources. Working together, the public, businesses, and federal, state, tribal, and local governments can ensure that environmental impacts are carefully evaluated when considering energy exploration and production activities. For example, such precautions have been important for the exploration and production that is already allowed today in 42 National Wildlife Refuges.

Hydropower Generation

Hydropower, although a clean energy source, does present environmental challenges. Unless properly designed and operated, hydropower dams can injure or kill fish, such as salmon, by blocking their passage to upstream spawning pools. Innovations in fish ladders, screens, and hatcheries are helping to mitigate these adverse impacts. Ongoing dam relicensing efforts are resulting in community involvement and the industry's application of the latest technologies to ensure the maintenance of downstream flows and the upstream passage of fish. These efforts also have been successful in identifying and removing older, nonfunctioning dams and other impediments to fish movements.

Ecosystems provide food, shelter, and critical breeding and spawning grounds for fish and wildlife, and support commercial and recreational fishing, tourism, enhance our quality of life,and other activities that contribute billions of dollars to the U.S. economy every year.



Some natural resource areas are to be protected from any exploration. In other areas, energy development can proceed using the most advanced designs and technologies to ensure that proposed energy projects do not diminish the vitality and diversity of these unique resources.

An example of such successful collaboration involves the Wanapum Dam on the Columbia River. In coordination with the National Marine Fisheries Service, the Grant County Public Utility District No. 2 installed spillway deflectors that effectively reduced concentrations of total dissolved gas that can harm fish and other aquatic life. Furthermore, through the unique collaboration on this project, the cost for the spillway deflectors was a fraction of that for deflectors installed at other hydropower projects.

Coal, Oil, and Gas Exploration and Production

Certain exploration and production activities can pose environmental impacts to wildlife habitat, unless conducted in a way that protects the environment. In sensitive areas, these effects can often be avoided or minimized by timing exploration and operation activities in light of migration, nesting, and other critical time periods for wildlife. In addition, new technologies designed to lessen these and other impacts can be used, such as double-walled pipes to reduce the risk of oil spills.

Surface impacts from coal mining and oil exploration can temporarily damage habitats during the operation phases until reclamation is complete. To mitigate impacts during mining, for example, stormwater runoff and discharge into undisturbed environments are controlled. After mining is complete, reclamation efforts required by the Surface Mining Control and Reclamation Act restore viable habitats through careful reconstruction of physical and botanical resources. For instance, in the Powder River Basin, as part of reclamation, coal companies strategically place large boulders and other rock material to create wildlife cover and denning habitat. Restoration of wildlife habitat on these reclaimed areas has been quite successful.

In Alaska's Arctic—home to such animals as polar bears, musk oxen, caribou, wolves, and arctic fox—the bitterly cold winters have proven to be beneficial for environmentally responsible energy development. For example, when the North Slope is frozen and snow-covered, seismic trains can travel across it to gather geophysical information. Furthermore, companies have adopted innovative techniques to reduce the possible impacts of exploration and development. In Alaska's National Petroleum Reserve, the "footprint" from most exploratory wells on federal lands is short-lived and has minimal impact due to the use of ice roads and ice pads that melt with the spring thaw. Advances in extended-reach drilling technologies have also served to minimize environmental effects during energy production activities.

A lengthy 1999 Department of Energy study examined the environmental benefits of new exploration and production technologies and concluded that "improvements over the past 40 years have dramatically reduced industry's footprint on the fragile tundra, have minimized waste produced, and have protected the land for resident and migrating wildlife." The same study concluded that "it is important to tell this remarkable story of environmental progress in E&P [exploration and production] technology. Greater awareness of the industry's achievements in environmental protection will provide the context for effective policy, and for informed decision-making by both the private and public sectors."

Waste Management

Vigilant management and careful disposal of waste from energy extraction and production can prevent the contamination of our air, land, and water. Federal and state authorities are working to ensure that energy projects maintain sound programs to safely handle wastes from mining, drilling, generation and transmission.

Nuclear power plants present waste management challenges unique among energy-generating technologies. They generate spent fuel, as well as other radioactive waste, which must be isolated from ecosystems and human contact for long periods of time. Currently, spent fuel is stored at reactor sites in a number of states, although capacity is limited. Newer technologies have been developed to reduce the volume and

increase the manageability of spent fuel, but such spent fuel will still require safe handling and long-term isolation.

While the federal government has the responsibility to address such high-level wastes, states have the responsibility to address low-level wastes from nuclear plants, such as clothing and equipment. Disposal options for this type of radioactive waste are limited, because siting these facilities has been controversial. In fact, there are only three disposal facilities active in the United States.

Accidental Releases

Since the passage of the Oil Pollution Act in 1990, which, among other things, required double-hulled vessels and improved industry readiness, oil spilled in coastal zone waters has decreased from almost 8 million gallons in 1990 to just over 1 million gallons in 1999. Most energy production facilities implement comprehensive risk-management plans, which reduce the potential for accidents and help local officials prepare for accidents that may arise.

In contrast, inland oil spills do not appear to be decreasing at the same rate as coastal spills. The federal government receives many more inland oil spill notifications (9,000 notifications a year in the early 1990s versus 10,000 to 12,000 a year in the late 1990s), and many very large inland oil spills occur each year (over 100,000 gallons). The continued problem with inland oil spills may be due to aging pipelines, storage tanks, and other infrastructure components.

Since the advent of commercial nuclear power generation, there have been no radiation-related injuries or deaths associated with the operation of a commercial nuclear power plant in the United States. The most significant incident from a nuclear plant in the United States, at Three Mile Island in 1979, prompted improved safety regulation of nuclear plants. New nuclear reactor designs promise even higher safety levels than the reactors currently operating in this country.

Radiation exposure from nuclear facilities is extremely rare. In fact, roughly 82 percent of human exposure to radiation comes from natural sources: radon gas; the human body, which contains radioactive elements; outer space; and rocks and soil. Radon accounts for about 55 percent of our exposure to natural sources of radiation; radioactive elements in our own bodies account for 11 percent; rocks and soil account for 11 percent; and outer space, including the sun, accounts for 8 percent. The remaining 18 percent of average human radiation exposure comes from man-made sources, primarily medical and dental X-rays and consumer products.

The safety of U.S. nuclear energy plants has improved sharply in recent years. A safe nuclear energy plant is one that runs well, experiences few unplanned outages, and has a well-disciplined work force that follows procedures and avoids accidents. The safety of a U.S. nuclear energy plant is typically gauged by monitoring indicators of its performance in these areas: unplanned automatic reactor shutdowns, the annual percentage of possible power generated, and the industrial safety accident rate for plant workers.

In 2000, for the fourth year in a row, the number of unscheduled reactor shutdowns was zero. The industry generated 91.1 percent of its potential maximum output, breaking its 1999 record of 88.7 percent, far better than the typical 80 percent number of ten years ago.

Today, U.S. nuclear plants are more efficient and safer than ever. In the increasingly deregulated marketplace, competition has forced improvements in plant operations that have benefited safety performance as much as economic performance.

Climate Change

Energy-related activities are the primary sources of U.S. man-made greenhouse gas emissions, representing about 85 percent of the U.S. man-made total carbon-equivalent emissions in 1998.

Scientists continue to learn more about global climate change, its causes, potential impacts, and possible solutions.

The United States recognizes the seriousness of this global issue as scientists attempt to learn more about climate change. The United States is making progress in reducing emissions of greenhouse gases. Recent data show that the rate of growth in U.S. greenhouse gas emissions has begun to decline, even as the U.S. economy has been growing at an unprecedented rate. For example, historically U.S. CO_2 emissions have grown at roughly half the rate of GDP. In recent years, however, very robust growth in the nation's GDP has been accompanied by a slowdown in the growth of greenhouse gas emissions. In both 1998 and 1999, U.S. GDP grew by more than 4 percent a year, while CO_2 emissions grew by less than 1.5 percent a year. In addition, the carbon intensity of the U.S. economy—the amount of CO_2 emitted per unit of GDP—declined by 15 percent during the 1990s.

The United States has reduced greenhouse gas emissions by promoting energy efficiency and the broader use of renewable energy through a wide range of public-private partnership programs. These programs save energy, cut energy bills, enhance economic growth, and reduce emissions of conventional air pollutants as well as greenhouse gases.

The U.S. government, businesses, and nongovernmental organizations are sequestering carbon, at home and abroad. For example, working with the U.S. Fish and Wildlife Service Research, Illinova Generating Company has voluntarily committed to reforesting 100,000 acres of bottomland hardwood forests on National Wildlife Refuges in the Lower Mississippi River Valley. It is projected that this project will sequester approximately 13.5 million tons of carbon, improve fish and wildlife populations by restoring the natural forest wetland habitats, and enhance the Gulf of Mexico's near-shore aquatic environment by restoring natural forested wetland filters to the Mississippi River floodplain.

Industry and the federal government are researching various new technologies that will reduce greenhouse gas emissions or sequester those emissions, in geologic formations, oceans, and elsewhere.

Forests can absorb carbon dioxide, which accounts for the largest share of greenhouse gas emissions. Working with the U.S. Fish and Wildlife Service Research, Illinova Generating Company has voluntarily committed to reforesting 100,000 acres of bottomland hardwood forests on National Wildlife Refuges in the Lower Mississippi River Valley.

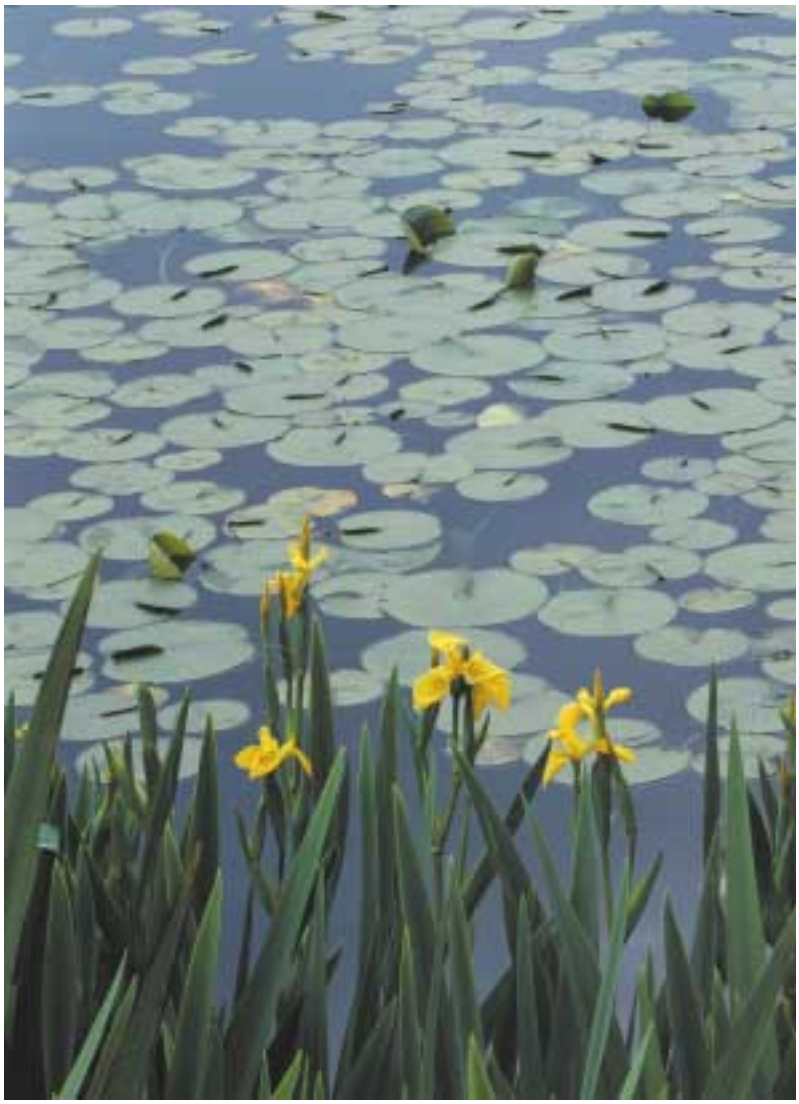
Regulatory Structure

The United States has adopted many regulatory protections to limit the environmental damage and public health consequences of the exploration, extraction, production, and use of energy. Most environmental controls are implemented through state or federal permitting or review systems, which often require time for agency review and public participation. Facilities may need several different permits or reviews from different agencies, and they may also need to meet local licensing or zoning laws. Businesses have an interest in moving expeditiously to respond to consumers' needs. The public also has an interest in participating in the system to ensure that appropriate health and environmental precautions will be taken.

Regulatory requirements are not static. New scientific information and new control technologies result in new regulations and modifications to existing regulations over time. However, some level of certainty in the regulatory environment is important for all parties. Businesses can plan more effectively in such an environment, and regulators can focus on ensuring that the desired outcomes are in fact achieved consistently. For example, studies have shown that if electricity generators knew today what their emission requirements for several emissions would be for a defined time period, they would most likely control emissions more cost effectively and sooner than if their emission requirements were decided upon one gas at a time.

Traditional permit and regulatory programs may not always be the most effective and efficient way to protect the environment. Increasingly, regulatory programs are considering approaches that include market-based incentives. These types of incentives offer advantages over traditional forms of regulation because they set high performance standards and then allow market forces to determine the most effective way to meet them. While not appropriate for every situation, market-based incentives can control pollution at a lower cost to society than traditional regulation, stimulate technological improvements, and be structured to achieve larger reductions in pollution than would result from traditional regulations.

A good example of a U.S. market-based program is the Acid Rain Program, which has reduced SO_2 air emissions from utilities at a fraction of the initial cost estimates. Other emerging market-based environmental protection mechanisms include effluent trading, wetland mitigation banks, tradable development rights, easement purchases, off-site mitigation, and leasing or purchasing of water rights. These programs can reduce mitigation or pollution control costs, increase business flexibility, and provide transparency and environmental protection for the public.



The environmental review process can also be made more open, understandable, predictable, and coordinated among federal agencies and with state and local agencies. It can be improved by providing greater information to clarify expectations for energy developers, facilitating concurrent reviews by federal agencies by standardizing certain information needs, sharing information received by project applicants, and seeking opportunities to integrate required environmental processes and reviews.

Recommendation:

★ The NEPD Group recommends that the President issue an Executive Order to rationalize permitting for energy production in an environmentally sound manner by directing federal agencies to expedite permits and other federal actions necessary for energy-related project approvals on a national basis. This order would establish an interagency task force chaired by the Council on Environmental Quality to ensure that federal agencies responsible for permitting energy-related facilities are coordinating their efforts. The task force will ensure that federal agencies set up appropriate mechanisms to coordinate federal, state, tribal, and local permitting activity in particular regions where increased activity is expected.

Summary of Recommendations

Protecting America's Environment: Sustaining the Nation's Health and Environment

★ The NEPD Group recommends that the President direct the Administrator of the Environmental Protection Agency (EPA) to propose multi-pollutant legislation. The NEPD Group recommends that the President direct the EPA Administrator to work with Congress to propose legislation that would establish a flexible, market-based program to significantly reduce and cap emissions of sulfur dioxide, nitrogen oxides, and mercury from electric power generators. Such a program (with appropriate measures to address local concerns) would provide significant public health benefits even as we increase electricity supplies.

- Establish mandatory reduction targets for emissions of three main pollutants: sulfur dioxide, nitrogen oxides, and mercury.
- Phase in reductions over a reasonable period of time, similar to the successful acid rain reduction program established by the 1990 amendments to the Clean Air Act.
- Provide regulatory certainty to allow utilities to make modifications to their plants without fear of new litigation.
- Provide market-based incentives, such as emissions trading credits to help achieve the required reductions.

★ The NEPD Group recommends the President direct the Secretary of the Interior to work with Congress to create the "Royalties Conservation Fund."

- This fund will earmark potentially billions of dollars in royalties from new oil and gas production in ANWR to fund land conservation efforts.
- This fund will also be used to eliminate the maintenance and improvements backlog on federal lands.

★ The NEPD Group recommends the President issue an Executive Order to rationalize permitting for energy production in an environmentally sound manner by directing federal agencies to expedite permits and other federal actions necessary for energy-related project approvals on a national basis. This order would establish an interagency task force chaired by the Council on Environmental Quality to ensure that federal agencies responsible for permitting energy-related facilities are coordinating their efforts. The task force will ensure that federal agencies set up appropriate mechanisms to coordinate federal, state, tribal, and local permitting activity in particular regions where increased activity is expected.