# Appendix A

## Requesting Letter

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# United States Senate

COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS
WASHINGTON, DC 20510-6175

September 14, 2004

The Honorable Guy F. Caruso
Administrator
Energy Information Administration
1000 Independence Avenue, SW
Washington, DC 20585

Dear Mr. Administrator:

As part of our nation's continuing effort to improve air quality, the Environmental Protection Agency (EPA) proposed regulations to control mercury emissions from coal-fired power plants in December 2003. Some critics of the proposal contend that the rule should require each coal-fired electric generating unit to reduce its emissions of mercury by 90 percent or more by 2008 under the maximum achievable control technology (MACT) provisions in Section 112 of the Clean Air Act as amended – asserting that current technology can achieve such reductions and at reasonable cost. The Administration has proposed a cap and trade system, as its preferred approach, that would reduce emissions 69 percent. Alternately, it has proposed MACT standards that would require emission reductions of 29 percent.

In order to assess the relative cost impacts of each of these scenarios, we hereby request the Energy Information Administration to undertake analyses of these different approaches, comparing the EPA proposed cap and trade system, EPA alternate proposed MACT approach, a plant-by-plant 90 percent control MACT approach, and the approach recommended by environmental group stakeholders in the formal recommendations to the Clean Air Act Advisory Committee by its workgroup studying the mercury issue.

Please use the best information available, including data collected from the Information Collection Request I, II, and III. Please assume no new nuclear plant construction for the next two decades. Additionally, for purposes of control technology emission factors, please use commercially demonstrated technology or technology where the vendor provides financially backed guarantees indemnifying the purchaser for failure to control at expected levels. For purposes of this analysis, please take into consideration compliance strategies for reducing sulfur dioxide and nitrogen oxides that may be undertaken to comply with EPA's proposed Clean Air Interstate Rule (CAIR).

We are particularly interested that the following components be included in the analysis for each approach:

1. The marginal cost of reducing mercury (provide regional information where appropriate);
2. The type, commercial availability, and amount of emissions control equipment required;
3. The total resource cost (in present value terms as well as annual costs in relevant years);

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4. The impact on energy production (coal, natural gas, oil, renewable, etc.) and energy prices regionally and nationally;
5. The impact on residential and industrial electric and natural gas consumers;
6. The impact on macroeconomic activity and national and regional coal employment; and
7. The change in reliability of the electric industry within each grid.

Any further details of the analysis can be addressed with John Shanahan at (202) 224-8072 and Brian Mormino at (202) 224-8098. I would appreciate it if you would provide the detailed analysis by October 15th, 2004 to assist the Committee in preparation for hearings. Thank you in advance for your cooperation. This analysis will be essential to ensuring an informed debate on the mercury emission issue.

Sincerely,

George V. Voinovich
Chairman
Subcommittee on Clean Air,
Climate Change, and Nuclear Safety

James M. Inhofe
Chairman
Committee on Environment
and Public Works