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Re: EPA "Bubble Concept" on Pollution

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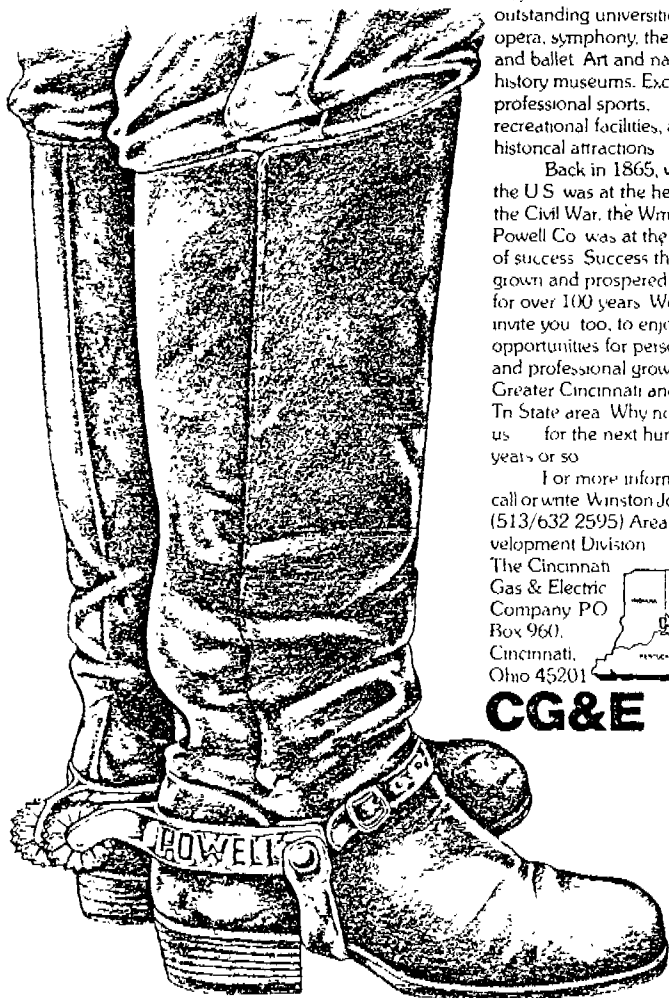
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POLLUTION CONTROL

A bubble idea to stem pollution

The Environmental Protection Agency is about to propose a major cost-saving policy shift that will allow companies to decide exactly where they want to reduce pollution within a multiprocess plant, as long as the overall amount of pollution does not exceed air- and water-quality limits. The plan gives industry more flexibility than current regulations, which require companies to meet technology-based standards at each smokestack and wastewater discharge pipe.

Industry, particularly the steel industry, has long claimed that the new approach, nicknamed the "bubble concept," is the most cost-effective way to comply with federal clean air and clean water laws. The policy treats a plant as if a bubble were constructed over a site's different process facilities. A company can trade off pollution controls among its many facilities at the site, reducing pollution sharply where it costs less and putting on fewer controls where reduction costs are steep.

'A positive incentive.' The bubble gives more chance for trade-offs to industries with many complex processes where the marginal cost of control can vary greatly. Steel, chemicals, and petroleum refining, for instance, will probably benefit most.

As an example of how the bubble concept can be used, EPA Administrator Douglas M. Costle cites the Stuart Power Plant of Dayton Power & Light Co. The state implementation plan for the company includes a provision under which sulfur dioxide emission limits for each of the plant's four boiler stacks are set by an equation based on the overall emission limit for the plant. This enables the plant "to apply the least-cost mix of scrubbing and low-sulfur coal and/or cleaning controls among the facility's four boilers," Costle says.

The EPA says that the policy will encourage industry to find new ways to reduce pollution, too. "For the first time, those we regulate will have a positive incentive to find new methods of controlling pollution. By enlisting industry's engineers, we should be able to speed the development of control technology significantly," says Costle in a recent draft statement that outlines his agency's policy shift.

For its part, industry seems gratified, but not overwhelmed, by the EPA's new

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offer. "We're pleased that the EPA is recognizing that there is validity to the bubble concept," says Earle F. Young Jr., the American Iron & Steel Institute's assistant vice-president for environmental affairs. "But we do have some concern that the agency may be making its application more restrictive than we had hoped."

Where the bubble can and will be applied is still unknown. If a company wants to use it, it must come forward with a specific plan for trading off pollution, then prove that the plan will work and will be enforceable. Moreover, only the same pollutant can be exchanged—a power plant, for example, cannot lower emissions of particulates and increase emissions of sulfur dioxide. Even within some categories, emissions cannot be traded. Thus coke-oven emissions, proven carcinogens, cannot be used in trade against any other emissions.

'Very narrow.' Most important, although Costle's statement says the bubble can be used at both existing and new sources, whether industry can apply the bubble when it rebuilds or modifies a plant will hinge on how the agency defines "new source" when it proposes new-source performance standards for various industrial sources next year. Industry does not want plant additions to be treated as new sources, which must meet stricter standards. Companies would rather

The EPA's policy shift lets companies decide their own pollution priorities

make equivalent reductions elsewhere in the plant. But the EPA is constrained by a year-old court decision that held that a new facility added onto an existing site must be considered a new source.

"That case was very narrow," Young maintains. Industry believes that some plant modifications need not fall into the definition of a new source. "We'll just have to wait and see what the EPA does next year," Young says.

Environmentalists also are taking a wait-and-see approach. They have always opposed the bubble concept but were withholding judgment until the policy was announced.

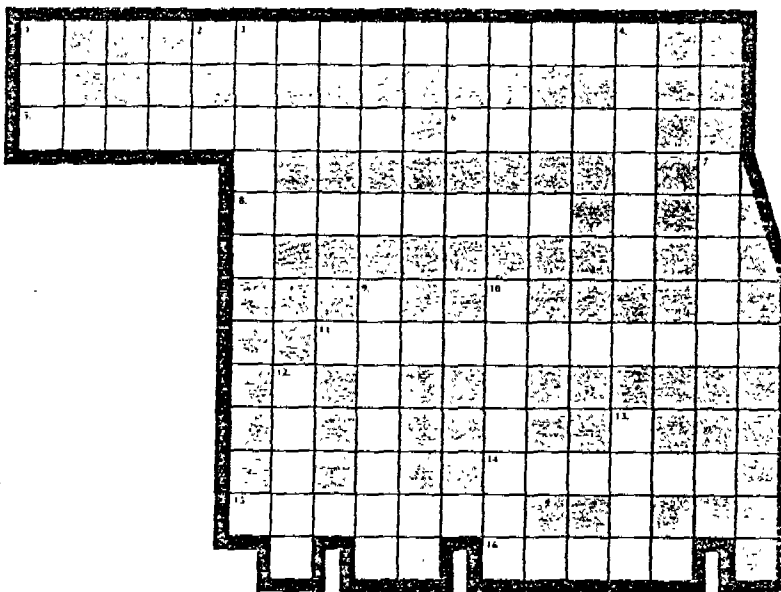
That announcement should come between now and early next year. Even then, however, the policy will not go into effect immediately. It must first be proposed, then drafted in the form of a policy directive to the states. States then could choose to incorporate the bubble into their plans to meet national air standards and into wastewater discharge permits. New state air plans must be submitted for EPA approval by next July; industries will start renewing water-discharge permits, with new requirements to meet future water standards, next year. ■

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