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*cc Bill Clinton 1-18-79
Harris*

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THE COST OF CLEAN AIR AND CLEAN WATER

ANNUAL REPORT

OF THE

ADMINISTRATOR OF THE ENVIRONMENTAL
PROTECTION AGENCY

TO THE

CONGRESS OF THE UNITED STATES

IN COMPLIANCE WITH

SECTION 312(c) OF THE CLEAN AIR ACT, AS AMENDED

AND

SECTION 516(b) OF THE FEDERAL WATER POLLUTION
CONTROL ACT AMENDMENTS OF 1972



DECEMBER 1979

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EXECUTIVE SUMMARY

This report to Congress is mandated by the Clean Air and Water Acts. In both Acts, the Administrator of the Environmental Protection Agency is directed to make and report detailed estimates of the costs of carrying out the respective Acts. This report presents such estimates as two separate reports, one concerned with the control of air pollution, the other with the control of water pollution. This summary provides information on both reports and presents listings of "water costs", "air costs", and "combined costs".

The estimates reported here are limited to costs associated with Federal regulatory actions resulting from the Clean Air and Clean Water Acts, and do not account for costs voluntarily incurred by polluters, required by State or local governments only, or mandated by other Federal laws. The estimates given here do not include costs incurred prior to the dates of the respective Acts (Air—1970, Water—1972), nor is any estimate given of the expenditures which would have taken place if the Acts had not been passed.

It should be noted that this document specifically does not dictate EPA policy with regard to the application of presently available or projected emissions-control technology to any industry or activity. Simplifying assumptions were required in order to estimate the cost of complying with EPA regulations on the source industries included herein. Thus, the control technologies assumed in providing these estimates are not to be regarded as specifically required by law nor by EPA. Moreover, the reader is cautioned that costs estimated in this study may differ from costs estimated in other studies because of differences in definition of the industries.

The costs reported for the control of air pollution are, for the most part, based on compliance with Federally-approved State Implementation Plans, Federal New Source Performance Standards, and Federal regulations for mobile sources. The costs reported for the control of water pollution are, for

the most part, based on compliance with Federal Effluent Limitations Guidelines, New Source Performance Standards, and Pretreatment Standards. Regulations on hazardous and toxic pollutants are also taken into account.

This report was prepared in 1978, and reflects the regulatory framework in existence early in 1978. Projections beyond past expenditures are subject to change for both air and water. The Clean Air Act Amendments of 1977 contain significant changes that will affect future costs. The Clean Water Act of 1977, amending the Federal Water Pollution Control Act of 1972, also contains significant changes that will affect the future regulatory picture and the associated cost to industry.

In the case of air, some additional costs can be expected to comply with the revised State Implementation Plans and the provisions of Prevention of Significant Deterioration and Visibility Goals.

The reported projections for water pollution control costs are more difficult to assess. The Clean Water Act of 1977 will require less stringent controls for conventional pollutants. However, the 1976 Consent Agreement may result in more stringent guidelines for the 21 industries covered by the agreement.

The magnitude of these changes will vary considerably on an industry-by-industry basis. An extreme example is the Explosives industry. The Cost of Clean Water estimates show slightly over \$2 billion of investment from 1977–1986. Preliminary estimates emanating from the current BAT-review process indicate that new investment will only be about \$3–4 million for this industry. While this is not representative of the magnitude of the changes to be expected, it does indicate the degree of uncertainty in the present estimates. *Therefore, the reader should keep in mind that the costs presented here represent only what industries would have had to pay if the regulations in effect in early 1978 remained unchanged.*