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EPA Landmark Clean Air Act Settlement with TVA to Modernize Coal-Fired Power Plants and Promote Clean Energy Investments / State-of-the-art pollution controls and clean energy technology to provide up to \$27 billion in annual health benefits

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WASHINGTON – The U.S. Environmental Protection Agency (EPA) today announced a settlement with the Tennessee Valley Authority (TVA) to resolve alleged Clean Air Act violations at 11 of its coal-fired plants in Alabama, Kentucky, and Tennessee. The settlement will require TVA to invest a TVA estimated \$3 to \$5 billion on new and upgraded state-of-the-art pollution controls that will prevent approximately 1,200 to 3,000 premature deaths, 2,000 heart attacks and 21,000 cases of asthma attacks each year, resulting in up to \$27 billion in annual health benefits. TVA will also invest \$350 million on clean energy projects that will reduce pollution, save energy and protect public health and the environment.

"This agreement will save lives and prevent billions of dollars in health costs. Modernizing these plants and encouraging clean energy innovation means better health protections and greater economic opportunities for the people living near TVA facilities," said EPA Administrator Lisa P. Jackson. "Investments in pollution control equipment will keep hundreds of thousands of tons of harmful pollutants out of the air we breathe, and help create green job opportunities that will reduce pollution and improve energy efficiency."

Once fully implemented, the pollution controls and other required actions will address 92 percent of TVA's coal-fired power plant capacity, reducing emissions of nitrogen oxide (NO_x) by 69 percent and sulfur dioxide (SO₂) by 67 percent from TVA's 2008 emissions levels. The settlement will also significantly reduce particulate matter and carbon dioxide (CO₂) emissions. Uncontrolled releases of harmful air pollution like sulfur dioxide from power plants can affect breathing and aggravate respiratory and cardiovascular diseases, especially in sensitive populations like children and the elderly.

Communities near TVA's facilities will directly benefit from \$350 million in environmental projects designed to reduce harmful air pollution and promote energy efficiency. These investments will advance environmental justice by reducing pollution in overburdened communities and reducing energy costs for low-income communities. TVA is required to spend \$240 million on energy efficiency initiatives including a Smart Energy Communities project that will focus on energy efficiency in low-income communities. TVA will retrofit low-income housing with the most cost-effective energy efficiency technologies – reducing air pollution, energy use and saving residents money. TVA will also spend \$40 million to reduce greenhouse gas emissions through renewable projects such as hybrid electric charging stations and \$8 million for a clean diesel and electric vehicle project for public transportation systems.

TVA will also provide \$1 million to the National Park Service and the National Forest Service to improve, protect, or rehabilitate forest and park lands that have been impacted by emissions from TVA's plants, including Mammoth Cave National Park and Great Smoky Mountains National Park.

TVA is an independent, corporate agency of the United States created as part of the Tennessee Valley Authority Act of 1933, and is headquartered in Knoxville, Tenn. TVA operates 59 coal-fired boilers at 11 plants in Alabama, Kentucky, and Tennessee and operates other energy production facilities, including hydroelectric plants. TVA also provides wholesale power to 155 municipal and cooperative power distributors and direct service to 56 large industrial and government customers, supplying power to approximately nine million people across Alabama, Kentucky, Mississippi, Tennessee, and small portions of Georgia, North Carolina, and Virginia.

The settlement also requires TVA to pay a civil penalty of \$10 million, with Alabama and Kentucky receiving \$500,000 each and Tennessee receiving \$1 million. The states of Alabama, Kentucky, Tennessee and North Carolina, and three non-governmental organizations, the National Parks Conservation Association, Sierra Club, and Our Children's Earth Foundation, have been involved in

development of this settlement and are signatories to a companion consent decree that will be lodged in federal district court in the Eastern District of Tennessee.

This is the 22nd Clean Air Act New Source Review settlement in the coal-fired power plants sector. Reducing air pollution from the largest sources of emissions, including coal-fired power plants, is one of EPA's National Enforcement Initiatives for 2011-2013. The initiative continues EPA's focus on improving compliance with the new source review provisions of the Clean Air Act among industries that have the potential to cause significant amounts of air pollution.

EPA is accepting public comments on this agreement for a 30-day period from the date notice of the agreement is published in the Federal Register.

More information on this settlement: <http://www.epa.gov/compliance/resources/cases/civil/caa/tvacoal-fired.html>

More information on EPA's civil enforcement program: <http://www.epa.gov/compliance/civil/index.html>

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