Dear Mr. Campbell,

For the past two weeks you, Administrator Jackson and I have discussed Luminant's strategy to comply with the Cross-State Air Pollution Rule (CSAPR), building on conversations our staffs have had for months. In the course of those conversations we have discussed a variety of scenarios, consistent with the flexibilities inherent in the Clean Air Act and the CSAPR. We continue to believe there are options to explore that would bring your company into compliance with this rule – a rule that EPA was under court order to finalize and that will have significant public health benefits in Texas and numerous downwind states.

Unfortunately, I understand from our most recent discussions that you intend to announce that you will idle lignite coal-fired units at one of your facilities in Texas because you believe it is the only means by which you can achieve pollution reductions required under the rule. We also understand you will announce your intention to shut down two mines that supply the lignite coal to this and other units. While making the business decision to close these mines may be one of several cost-effective ways to comply with this rule we do not believe it is the only path forward, particularly given the nation's difficult economic situation.

Administrator Jackson and I have made ourselves personally available over the past weeks, as have other members of EPA's senior leadership, to work together to determine a course forward that enables the company to comply with the law and avert these potential impacts on production or jobs. The Administrator, our senior team and I will continue to make Luminant's situation a priority. Given the opportunity that still remains to work through a number of options we feel are available to you, we trust you will continue those discussions before making any final decisions that may result in the unnecessary loss of jobs for your workers.

In the course of our discussions, EPA has offered to make technical adjustments, based on technical information you have recently provided, that will give Texas and Luminant thousands of additional tons of pollution allowances to reduce required emission reductions. Additionally, there are alternative compliance approaches that rely on existing pollution control technology already installed at your facilities and on the powerful market-based mechanisms in the CSAPR that would not require you to idle any facility or shut down these mines. We stand ready to continue working with you to ensure that you have explored all the available options to achieve the necessary pollution reductions under the Clean Air Act without having to idle or shut down these operations and put these jobs at risk.

Luminant faces a notable environmental challenge: its facilities emit high levels of Sulfur Dioxide (SO2) that represent close to half of Texas' total power sector emissions. These emissions contribute significantly to air pollution and health threats in downwind states, and Texas is required under the Clean Air Act to ensure reductions.

Cost-effective reductions are possible without disruptions in operations. Other states have made remarkable strides in reducing harmful SO2 emissions that cause asthma attacks and other illnesses. Over the past 20 years SO2 emissions from the power sector in the rest of the country have been reduced by as much as 70 percent, even while they remain at high levels in Texas. Texas is the second largest emitter of SO2 among the states covered by this rule, with

Luminant's Big Brown, Monticello, and Martin Lake representing nearly half of the state's 2010 power sector emissions. In this scenario we see a wide variety of possible approaches to reducing this pollution.

That is why we have worked with you to explore several opportunities for cost-effective pollution reductions. We want to continue to do so. We will share with you data that illustrate how Texas and Luminant can comply with CSAPR cost-effectively while keeping levels of lignite coal use near current levels, thus avoiding the need to idle plants or shut down mines in response to the requirements of the rule. Our analysis indicates that additional reductions can be achieved by relying more on already-installed pollution controls. I ask that your staff examine these alternative compliance options thoroughly before making the business decision to idle these facilities and close the mines – and lay off the workers – that supply the lignite coal they use.

Administrator Jackson and I have made clear our commitment to working through compliance issues each time we have met with you over the past weeks. We have already utilized some of the flexibilities in the Clean Air Act and the CSAPR in response to updated technical information you have provided. The Administrator also made clear that she has not ruled out any potential solution to the concerns you have raised, should the flexibility and choice of compliance strategies built into CSAPR not prove adequate to meeting those concerns.

In its 40-year history, there have been no instances in which the Clean Air Act has contributed to electric grid reliability problems. The successful history of this law demonstrates that we can reduce harmful air pollution while ensuring the reliable delivery of electricity to our families and businesses. The flexibilities of the Clean Air Act are evident in the alternative compliance approaches we are presenting to you, and have presented to you – approaches that would yield reductions in pollutants and protect the health of Americans in Texas and downwind states without impacting electric reliability in Texas.

We are committed to working with you throughout this process. It is important that Luminant demonstrate equal commitment going forward over the coming days.

Sincerely,

Bob Perciasepe
Deputy Administrator, EPA