

News for release: Monday, September 27, 2004  
U.S. Environmental Protection Agency (EPA)  
U.S. Announces Major Clear Air Act Settlement with Mirant Mid-Atlantic  
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Item 7

## Company Agrees to Reduce Almost 29,000 Tons of Pollutants Annually in the Washington D.C. Metropolitan Area

(Washington, D.C.-September 27, 2004) The Department of Justice and the Environmental Protection Agency, along with the Commonwealth of Virginia and the State of Maryland, today announced a major Clean Air Act settlement with Mirant Mid-Atlantic (Mirant) that will eliminate almost 29,000 tons of harmful nitrogen oxides ("NOx") pollution each year from Mirant's coal-fired electricity generating plants in Maryland and Virginia. The settlement resolves federal and state claims that Mirant has violated the NOx emissions limitation set forth in the operating permit for its Potomac River plant in Alexandria, Va.

The agreement, filed in the U.S. District Court for the Eastern District of Virginia for public comment, requires Mirant to install pollution controls on several coal-fired units and to cap its annual emissions of NOX. Such coal-fired power plants account for nearly 30 percent of NOX emissions annually nationwide.

"The pollution controls required by this settlement will lead to cleaner air and significant environmental and public health benefits," said Assistant Attorney General Thomas L. Sansonetti. "Today's action demonstrates that strong enforcement of coal-fired utilities continues to be a high priority for this Administration."

"This settlement, reached with the help of Maryland and Virginia, will significantly reduce air pollution in the Metropolitan Washington, D.C. area," said Tom Skinner, acting Assistant Administrator of EPA's Office of Enforcement and Compliance Assurance. "It protects the competitiveness of utilities that comply with the nation's environmental laws."

Mirant will pay a \$500,000 civil penalty, \$250,000 of which will go to the Commonwealth of Virginia, and it will spend at least \$1 million to finance nine projects that are designed to reduce particulate matter and fugitive dust emissions from the Potomac River plant.

In its Mid-Atlantic (Maryland and Virginia) region, Mirant operates four coal-fired power plants, consisting of 12 units with approximately 3,000 megawatts of generating capacity: the Morgantown Generating Plant, located in Charles County, Md.; the Chalk Point Generating Plant, located in Prince George's County, Md.; the Dickerson Generating Plant, located in Montgomery County, Md.; and the Potomac River Generating Station, located in Alexandria, Va. The consent decree covers all these plants.

NOx is a contributor to acid rain and also increases low-level ozone, which causes smog; fine PM causes haze. These pollutants can cause severe respiratory problems and exacerbate cases of childhood asthma.

Mirant is a competitive energy company that produces and sells electricity in the United States, the Caribbean, and the Philippines. In July 2003, Mirant filed for Chapter 11 bankruptcy in the Northern District of Texas. No plan of reorganization has yet been filed.

The consent decree will be subject to a 30-day public comment period.