Clean Air Act Settlement to Eliminate Almost 29,000 Tons of Harmful Emissions in Virginia and Maryland

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(Washington, D.C. - May 8, 2006) In a joint federal-state settlement, Mirant Mid-Atlantic (Mirant) has agreed to eliminate nearly 29,000 tons of harmful pollution each year generated by its four electricity generating plants in Maryland and Virginia. The Department of Justice, the U.S. Environmental Protection Agency (EPA), the Commonwealth of Virginia and the State of Maryland worked jointly on this enforcement action, which will reduce significantly output of nitrogen oxides (NOx) throughout the region.

The amended Clean Air Act consent decree, lodged today in U.S. District Court for the Eastern District of Virginia, specifically resolves federal and state claims that in 2003, Mirant violated the NOx emissions limitation set forth in the operating permit for its Potomac River plant in Alexandria, Va.

Under the terms of the settlement, Mirant will cap NOx emissions on a system-wide basis from its Chalk Point Generating Plant, in Prince George's County, Maryland; Dickerson Generating Plant, in Montgomery County, Maryland; Morgantown Generating Plant, in Charles County, Maryland; and its Potomac River Generating Station, in Alexandria, Va. To achieve these reductions and meet the declining system-wide NOx caps, Mirant will install and operate NOx pollution control equipment at its Morgantown and Potomac River Plants and may install other controls at its Chalk Point and Dickerson Plants. Specifically, Mirant will install and operate two Selective Catalytic Reduction devices to control NOx emissions from its Morgantown Plant, as well as Separated Over-Fire Air technology at its Potomac River plant.

In addition, Mirant will pay a \$500,000 civil penalty, to be divided between Virginia and the United States, and will spend at least \$1 million on nine projects designed to reduce particulate matter (PM) and fugitive dust emissions from the Potomac River plant.

"The reductions in NOx emissions required by this settlement will result in general improved air quality throughout the metropolitan area and the surrounding region," said Sue Ellen Wooldridge, assistant attorney general for the Justice Department's Environment and Natural Resources Division. "Today's settlement is evidence of the continued progress that we are achieving through the cooperative enforcement efforts of federal and state agencies."

"We are pleased that this settlement will secure permanent and substantial emission reductions for the citizens of the Mid-Atlantic region," said Granta Y. Nakayama, EPA's assistant administrator for the Office of Enforcement and Compliance Assurance. "We expect companies to act responsibly and within the law when it comes to protecting public health and the environment."

"The Mirant consent decree serves as another example of the state's leadership in working regionally to improve air quality. This consent decree will result in significant year-round air quality benefits for Maryland and the entire Washington metropolitan area starting next year," said Maryland Department of the Environment Secretary Kendl P. Philbrick. "This is nearly two years earlier than the nitrogen oxide emission reductions required under Maryland's Healthy Air Act and Clean Power Rule."

"Bringing this complex case to a conclusion means we will see significant environmental improvements in the region, and millions of people will benefit," said David K. Paylor, director of the Virginia Department of Environmental Quality.

The amended agreement requires Mirant to reduce emissions of NOx and particulate matter at its Potomac River Generating Station. Mirant's compliance with revised Potomac River NOx caps established under the amended agreement will ensure that the company operates at all times in a manner consistent with the National Ambient Air Quality Standards (NAAQS) for NO2. Mirant's impact on the NAAQS relating to SO2 and PM are being addressed through a separate proceeding in consultation with the Department of Energy and the Commonwealth of Virginia.

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

The original agreement was filed in September 2004, in the U.S. District Court for the Eastern District of Virginia. After receiving public comment on the original agreement, the parties negotiated changes to address some of the public comments received.

<u>The amended consent decree</u> will be subject to a 30-day public comment period and is available on the Department of Justice Web site at: <u>http://www.usdoj.gov/enrd/open.html</u> and on the Environmental Protection Agency Web site at: epa.gov/compliance/resources/cases/civil/caa/mirant0406.html

EPA's mission is to protect our nation's land, air and water. <u>Citizens can help by reporting</u> potential environmental violations: epa.gov/compliance/complaints/