Illinois Power Settles Clean Air Act Case for $500 Million

DOJ, EPA, and Illinois announced the settlement of their major Clean Air Act case alleging that Illinois Power Company and its successor, Dynegy Midwest Generation, violated the New Source Review provisions of the Clean Air Act at the Baldwin Power Station in Baldwin, Illinois. The agreement will reduce emissions of harmful sulfur dioxide (SO2) and nitrogen oxides (NOx) from Illinois coal-fired power plants by 54,000 tons each year through the installation of approximately $500 million worth of new pollution control equipment and other measures.

The five plants involved in the settlement are: Baldwin Generating Station in Baldwin; Havana Generating Station in Havana; Hennepin Generating Station in Hennepin; Vermilion Generating Station in Oakwood; and Wood River Generating Station in Alton. In addition, Dynegy Midwest Generation will pay a $9 million civil penalty and spend $15 million in projects to mitigate the harm caused by unlawful emissions.

The settlement resolves a lawsuit filed in 1999 as part of a federal government initiative to bring operators of coal-fired power plants into full compliance with the New Source Review provisions of the Clean Air Act. In 1999, the Baldwin Station was one of the largest sources of air pollution in the nation, emitting approximately 245,000 tons of SO2 and 55,000 tons of NOx each year. After the suit was filed, the company reduced SO2 emissions at the plant by over 90 percent through conversion to low sulfur coal, and reduced NOx emissions by 65 percent by installing control equipment.

This settlement will achieve significant additional reductions at Baldwin and other Illinois coal-fired plants in the Dynegy Midwest Generation system by requiring installation of four new flue gas desulfurization devices (commonly called "scrubbers") to control SO2; four new baghouses to control particulate matter (soot); and operation of existing control equipment, including three selective catalytic reduction (SCR) systems, year-round to control NOx. The entire five-plant system will be subject to annual emission caps to ensure that significant systemwide reductions for both SO2 and NOx are achieved.

"The air pollution reductions from this agreement will result in significantly cleaner air for residents of Illinois and downwind states," said Thomas V. Skinner, Acting Assistant Administrator of EPA's Office of Enforcement and Compliance Assurance. "We are committed to strong regulations and aggressive enforcement to protect public health."

"The citizens of Illinois could not have asked for a better result concerning our consensual agreement with Illinois Power," said Thomas L. Sansonetti, Assistant Attorney General for the Justice Department's Environment and Natural Resources Division. "The Justice Department is confident that this settlement will provide numerous benefits in protecting and improving the quality of air for the people in and around the region."

The settlement is contained in a consent decree lodged for public comment in the United States District Court for the Southern District of Illinois in East St. Louis, Illinois. The $15 million in mitigation projects will finance efforts aimed at enhanced mercury reduction, acquisition, and preservation of ecologically valuable lands and habitat in the St. Louis Metro East area and along the Illinois River, municipal building energy conservation, and advanced truck stop electrification to reduce air emissions from diesel exhaust.

The federal and state governmental parties were joined in the case by a coalition of citizen groups--the American Bottom Conservancy; Health and Environmental Justice, St. Louis; Illinois Stewardship Alliance; and the Prairie Rivers Network. Additionally, Dynegy Midwest Generation will transfer ownership of an approximately 1,135 acre parcel of land which it owns along the Middle Fork of the Vermillion River in Vermilion County, Illinois, to the State of Illinois, Department of Natural Resources.

This is the eighth in a series of agreements with power plant operators, all of which are focused on securing major reductions in air pollution from coal-fired power plants, which collectively account for 70 percent of SO2 and 30 percent of NOx emissions from all stationary sources in the nation. The combined effect of these eight settlements will be to reduce emissions of harmful pollutants by over 714,000 tons each year--486,000 tons of SO2 and 229,000 tons of NOx--through the installation and operation of more than $4.4 billion worth of pollution controls.