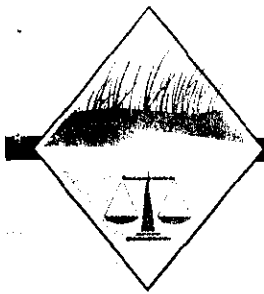


ILLINOIS POLLUTION CONTROL BOARD



ORIGINAL

June 28, 2006

GOVERNOR
Rod R. Blagojevich

Jack Lavin, Director
Department of Commerce and Economic Opportunity
620 East Adams Street, S-6
Springfield, Illinois 62704

CHAIRMAN
G. Tanner Girard, Ph.D.

Re: Request for Economic Impact Study for: **In the Matter of: Proposed New Clean Air Interstate Rule (CAIR) SO₂, NO_x Annual and NO_x Ozone Season Trading Programs, 35 Ill. Adm. Code 225. Subparts A, C, D and E (R06-26)**

Dear Director Lavin:

On June 15, 2006, the Pollution Control Board (Board), accepted for hearing a May 30, 2006 proposal filed by the Illinois Environmental Protection Agency (Agency) to add new regulations to the Board's air rules. **In the Matter of: Proposed New Clean Air Interstate Rule (CAIR) SO₂, NO_x Annual and NO_x Ozone Season Trading Programs, 35 Ill. Adm. Code 225. Subparts A, C, D and E, R06-26.**

I am writing to request that your Department conduct an economic impact study concerning this proposal. Please note that the Agency has requested that the Board expedite its handling of this proposal. Additionally, the potential economic effects of these CAIR rules has already been the subject of discussion during the course of the Board's hearings June 12-23, 2006 concerning Governor Blagojevich's mercury reduction initiative. **Proposed New 35 Ill. Adm. Code 225 Control of Emissions From Large Combustion Sources (Mercury), R06-25.**

The R06-26 CAIR rulemaking proposes a new Part 225 to reduce intrastate and interstate transport of sulfur dioxide (SO₂) and nitrogen oxides (NO_x) emissions from fossil fuel-fired electric generating units on an annual basis and on an ozone season basis of each calendar year. The Agency proposed the adoption of the CAIR SO₂ trading program, the CAIR NO_x Annual trading program and the CAIR NO_x Ozone Season trading program to accomplish this objective.

In support of the amendments that were filed with the Board, the Agency asserted that this proposal is intended to satisfy Illinois' obligations under the United States Environmental Protection Agency's (USEPA) Rule to Reduce Interstate Transport of Fine Particulate Matter and Ozone; Revisions to Acid Rain Program; Revisions to the NO_x SIP Call, (CAIR), 70 *Fed. Reg.* 25162 (May 12, 2005). The proposal is also intended to address the Agency's obligation to meet Clean Air Act (CAA) requirements for the control of fine particulate matter (PM_{2.5}) and ozone in the Chicago and Metro East/St. Louis nonattainment areas.

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Since 1998, Section 27 (b) of the Environmental Protection Act has required the Board to:

1) "request that the Department of Commerce and Economic Opportunity (formerly the Department of Commerce and Community Affairs) conduct a study of the economic impact of the proposed rules. The Department may within 30 to 45 days of such request produce a study of the economic impact of the proposed rules. At a minimum, the economic impact study shall address a) economic, environmental, and public health benefits that may be achieved through compliance with the proposed rules, b) the effects of the proposed rules on employment levels, commercial productivity, the economic growth of small businesses with 100 or less employees, and the State's overall economy, and c) the cost per unit of pollution reduced and the variability of company revenues expected to be used to implement the proposed rules; and

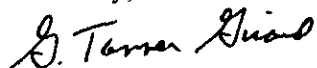
(2) conduct at least one public hearing on the economic impact of those rules. At least 20 days before the hearing, the Board shall notify the public of the hearing and make the economic impact study, or the Department of Commerce and Economic Opportunity's explanation for not producing an economic impact study, available to the public. Such public hearing may be held simultaneously or as a part of any Board hearing considering such new rules." 415 ILCS 5/27(b) (2004).

The Board is in the process of scheduling hearings in this rulemaking. As earlier-stated, the Board has received a request from the Agency that the Board expedite this proposal. I would greatly appreciate a response from you concerning DCEO's position on whether it will perform the economic impact study as soon as is possible.

If I, or my staff, can provide you with any additional information, please let me know.

Thank you for your early response.

Sincerely,



G. Tanner Girard
Acting Chairman

Pollution Control Board

Cc: Warren Ribley, DCEO
Dorothy M. Gunn, Clerk of the Board
Erin Conley, Rules Coordinator