

Cash for mercury: A new, controversial way to cut pollution

By Tony Bartelme
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Centuries ago, alchemists thought mercury was the source of gold. In roughly two years, through a bit of government alchemy, mercury pollution could end up being worth even more than gold.

Beginning in 2010, the Environmental Protection Agency will launch its mercury cap-and-trade program.

With a flick of a regulatory switch, the EPA will cap annual mercury emissions nationwide in 2010 at 1.2 million ounces a year; it will lower the cap to 480,000 ounces a year in 2018, a reduction of 68 percent.

Each state gets a certain allotment of "mercury credits," with each credit representing an ounce of mercury. Each credit will even have its own serial number, just like a dollar bill.

South Carolina will get 18,560 mercury credits every year until 2018, when the number drops to 7,328. At \$2,200 an ounce, which the state Department of Health and Environmental Control considers a reasonable estimate, the South Carolina credits would be worth \$40.8 million a year.

Each state can decide what to do with its credits. South Carolina could have held onto the credits, even sold them to the utilities. Instead, earlier this year, DHEC decided to hand over 80 percent to power companies free of charge. The rest would be put in a bank that utilities could draw from in the future, possibly allowing them to further delay installation of cleanup equipment. A lawyer for an environmental group called the set-aside a "Christmas club account" for polluters.

Supporters of the program, including utilities and the Bush administration, argue that this cap-and-trade program turns mercury pollution into a commodity and uses the laws of supply and demand to encourage utilities to emit less mercury.

As the supply of mercury credits gets smaller, they say, the credits would grow in value. In theory, power companies with good pollution control equipment should end up with

extra credits that they can sell to other utilities. Power companies that continue to pollute must buy credits, penalizing them for their inaction.

But critics, including 48 senators, 16 states and many scientists, say it's inherently wrong to buy and sell mercury, a potent neurotoxin linked to birth defects and other serious disorders. Many states are ditching the program, pointing to studies that say mercury emissions from coal-fired power plants land nearby and create hot spots.

Santee Cooper environmental manager Jay Hudson agreed that the cap-and-trade program's viability would suffer if studies showed that mercury was a local problem. But he said industry-backed studies show mercury emissions drift far away from power plants. He acknowledged that there's no real hard data on this issue in South Carolina.

That's why utilities agreed to use some of their credits to bankroll a study of mercury's effects in South Carolina. "They (DHEC) were worried about asking us, South Carolina's utilities, about doing the study," he said. "But we said no, we welcome it."

So far, DHEC has yet to pin down the scope of the study, how much it might cost and when it will be done.

Meanwhile, the future of the cap-and-trade approach is far from certain.

In 2005, the Southern Environmental Law Center and three other national public health groups sued the EPA in federal court, alleging that the cap-and-trade program violates the Clean Air Act. Last year, 16 states also sued the EPA, alleging that buying and selling mercury would perpetuate mercury hot spots.

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