

Below is a recent letter from Pennsylvania State Senator Mary Jo White, Chairman of the Environmental Resources & Energy Committee, to the EPA regarding Pennsylvania's plans to implement a state-specific mercury emissions rule.

January 5, 2006

The Honorable Stephen L. Johnson, Administrator
U.S. Environmental Protection Agency
1200 Pennsylvania Avenue, North West
Washington, DC 20460

Re: Clean Air Mercury Rule

Dear Administrator Johnson:

On December 16, 2005 the U.S. Environmental Protection Agency (EPA) received comments from Kathleen A. McGinty, Secretary of the Pennsylvania Department of Environmental Protection (PA DEP), concerning EPA's reconsideration of its hazardous air pollutant regulatory finding and standards of performance for new and existing stationary sources – electric utility steam generating units (*70 Fed. Reg. 62200 & 62213 pub. Oct. 28, 2005*).

While I respect Secretary McGinty's comments, it is important for EPA to appreciate that a very serious and contentious debate is currently underway in Pennsylvania over both some of the assertions made in the Secretary's letter, as well as efforts by PA DEP, under Secretary McGinty's direction, to craft a more stringent mercury emission control standard than currently required by the federal Clean Air Mercury Rule. The current effort underway in Pennsylvania began under the guise of a rulemaking petition drafted and submitted by certain environmental and other advocacy organizations, but done with the blessing of PA DEP.

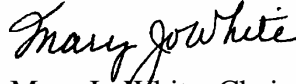
During this rulemaking process, both the majority and minority chairs of the Senate Environmental Resources and Energy Committee, and the majority chair of the House Environmental Resources and Energy Committee, opposed PA DEP's initiation of the state-specific rulemaking process. For added background, our July 27, 2005 letter outlining in detail our concerns is enclosed for your review. Make no mistake: my colleagues and I recognize the dangers posed by mercury emissions and the need to take significant steps to reduce these emissions. The underlying question is whether, given the reduction requirements now mandated by EPA and the nature of mercury deposition, a more stringent, and costly, state-specific mercury rule would actually provide improved health benefits for Pennsylvanians.

There are areas where Pennsylvania policymakers agree with Secretary McGinty, especially over the apparent preference provided in the federal rule to sub-bituminous coal. There are additional areas, such as PA DEP's opposition to utilizing a cap-and-trade program, where strong disagreements exist. The reason for my correspondence is to advise you of the diversity of opinions which exist among Pennsylvania environmental policymakers, particularly elected officials, and that while PA DEP's opinions should be considered, they are not universally held.

PA DEP intends to move forward with a state-specific proposed mercury rule in the coming weeks. My colleagues and I will be vigorously involved in this debate.

Thank you for the opportunity to share my comments with you concerning this important subject.

Sincerely,



Mary Jo White, Chairman
Senate Environmental Resources
& Energy Committee

First in a Series of Biodiesel Plants Opens in Pennsylvania (New EPA Rules May Encourage Others)

AGRA Biodiesel Inc. in Middletown, is the first of 11 biodiesel plants the company plans to build in the Pennsylvania over the next five years.

Each facility will use virgin soybean oil -- primarily from Pennsylvania farmers -- to create the renewable fuel. To meet production demands, AGRA will also use feedstock from other states shipped to the facility via rail. Once all 11 plants are operational, the process will result in increased soybean demand for farmers, and higher prices per bushel.

The Middletown facility began operations Jan. 1, employs 20 permanent workers, and will produce 2-3 million gallons of biodiesel each year. The plant was built entirely through private equity and will serve as a prototype for the company's next 10 facilities, each 10 times larger than the current plant.

A soy-based fuel is currently being made by Soy Energy Inc. in New Oxford, but it is processed with glycerin, which is removed from biodiesel. Proponents of soy-based fuel say it reduces sulfur and soot pollution from diesel engines, improves their efficiency, reduces reliance on foreign oil and boosts the state's soybean industry. With more plants

in the works, industry officials say the price - competitive with diesel thanks to a federal tax credit - should drop as more fuel becomes available.

The Middletown plant is to be followed in mid-January by the opening of Keystone BioFuels Inc.'s plant about 10 miles away in Shiremanstown.

Agra Biofuels plans to produce 2 million to 3 million gallons of biodiesel annually to sell to truck fleets, fuel blenders and home-heating oil suppliers.

Keystone BioFuels' founder Race Miner said he plans to produce 1 million gallons to sell to Independence Biofuels Inc., which opened a fuel-blending facility just across the Susquehanna River two months ago.

Meanwhile, the EPA is requiring fuel refineries to lower the amount of sulfur in diesel fuel. Sulfur helps lubricate engines, so refineries will need to substitute another fuel additive to keep engines running smoothly. Biodiesel would work well as a replacement for sulfur because it also oils engines, supporters say, although it would likely cost more than a synthetic substitute.

Biodiesel stands to gain substantial market share if it becomes a preferred alternative to sulfur. On-road vehicles burn about 37 billion gallons of diesel fuel each year in the United States, said Jenna Higgins, spokeswoman for the National Biodiesel Board. If refineries sold all diesel fuel as a blend containing 2 percent biodiesel, that would create a demand for 740 million gallons of biodiesel a year. An million gallons of biodiesel were sold last year, she said.

Study on Coal Combustion Ash Placement More Than Two Years in the Making Could Be Released Next Month.

An official at the National Academy of Science's National Research Council said the public announcement of the group's findings in Washington, D.C., will be Web cast, so members of the media and the public can ask questions.

"It looks like it will be early February," said William J. Kearney, a national academy spokesman.

Kearney said the findings of the 14-member Committee on Mine Placement of Coal Combustion Wastes is currently undergoing a peer review by anonymous outside experts whose questions and concerns must be answered by the committee prior to a final presentation.

The study also evaluated whether current monitoring programs are effective, whether land reclaimed with coal ash has returned to productive use, whether bonds and other

financial assurances are sufficient to provide adequate monitoring programs and address future environmental problems and whether public involvement at the permit and policy making level of these projects is sufficient.

More sweepingly, the panel examined whether risks to groundwater and the environment from the use of coal combustion waste in mine reclamation fall within the guidelines of the Resources Conservation and Recovery Act and Surface Mining Control and Reclamation Act, the two applicable federal laws pertaining to the issue.

Last April, committee members, local legislative and regulatory officials toured six sites in Schuylkill County and another in Carbon County where coal ash placement is underway.

“The beneficial use of coal ash, including its use in mine reclamation, has been the subject of a multitude of environmental studies,” said Douglas Biden, President of the Electric Power Generation Association. “Pennsylvania has a great deal at stake in the outcome of this study, as power plants in the Commonwealth burn a lot of waste coal which would otherwise sit around in piles polluting surface and ground water with acidic runoff. Also, burning waste coal, as well as pulverized coal, produces large quantities of alkaline ash which can be beneficially used in mine reclamation projects, thus further reducing acid mine drainage – Pennsylvania’s most chronic environmental problem,” Biden said.

Advanced Nuclear Reactor Design Approved

The design for Westinghouse Electric Co.'s advanced nuclear reactor was approved recently by the Nuclear Regulatory Commission.

Although the NRC's approval of final design certification was expected, Monroeville-based Westinghouse said the action is significant.

That's because the company now has the safest, most economical nuclear design currently available with NRC approval. Its AP 1000 reactor has a competitive edge over rivals such as France's Areva and Russia's Atomstroexport, said Vaughn Gilbert, a Westinghouse spokesman.

"This certainly puts us ahead of competitive technology," Gilbert said. He said the AP 1000 already has received strong interest from potential customers in the United States, Asia and Europe.

The AP 1000, which stands for "Advanced Passive" and for the power-generating capacity, is a modular design, which is less expensive to build and operate than previous nuclear reactors, Westinghouse said.

With fewer components and less concrete and steel, the design shortens construction time and makes the design cost-competitive with fossil-fuel plants. A passive safety system reduces the need for human action in the event of an accident.

In October, Duke Power, a subsidiary of Charlotte-based Duke Energy, said it would apply for a government license around the end of 2007 to build and operate two of the innovative reactors, probably in North or South Carolina.

If the company is awarded a contract, it would take an estimated 5 to 7 years for construction, Gilbert said.

China recently delayed a decision on what company or companies will build four 1,000-megawatt nuclear reactors to serve the country's growing power demands. Westinghouse remains in the hunt with its AP 1000. "We were hoping to have a decision by the end of this year, but now it looks like the first quarter of next year," Gilbert said.

Edison Mission's Craver Joins EPSA Executive Committee Appointment Demonstrates Growing Commitment of Senior Business Leaders

William P. Utt, Chairman of the Electric Power Supply Association (EPSA) and President and CEO of Suez Energy North America, has announced the appointment of Theodore F. Craver, Jr., Chairman, President and CEO of Edison Mission Group, to EPSA's Executive Committee.

In making the announcement, Utt said, "We are extremely pleased that someone of Ted's proven leadership and high standing within the electric power sector has agreed to serve in this capacity at a critical time for the competitive power industry."

In accepting the appointment, Craver said, "Well-functioning, competitive wholesale power markets are essential to the long-term vitality and growth of companies like Edison Mission Group. EPSA has been a consistent and effective advocate for such markets, and I am pleased to become more personally involved in its efforts to help develop fair policies at the federal and state levels."

EPSA President and CEO John E. Shelk commented that, "Edison Mission has long been a leader in the independent power sector and an active supporter of EPSA and its mission. Ted Craver's willingness to join the Executive Committee demonstrates the growing commitment by CEOs and other senior business leaders to the future of competitive power and its association."

Headquartered in Irvine, Calif., Edison Mission Group (EMG) consists of non-utility subsidiaries of Rosemead, Calif.-based Edison International (NYSE:EIX,) an electric

power generator and distributor, and an investor in infrastructure and renewable energy projects with assets totaling more than \$33.6 billion. Previously, Craver was executive vice president, chief financial officer and treasurer of Edison International, which also is the parent company of Southern California Edison.

EMG's Edison Mission Energy and Edison Capital units own, lease, and operate about 9,000 megawatts of fossil-fuel and renewable power in California, Illinois, Iowa, Minnesota, Pennsylvania, Washington and West Virginia.