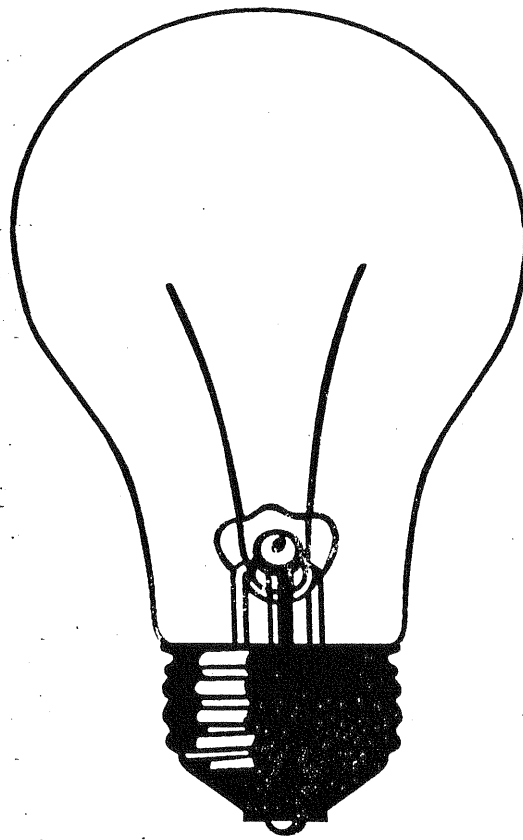


# The Impact of Electric Utility Deregulation on New Jersey's Environment



**NEW JERSEY CLEAN AIR COUNCIL  
1999 PUBLIC HEARING REPORT**

*[www.state.nj.us/depl/cleanair](http://www.state.nj.us/depl/cleanair)*

**THE IMPACT OF**

**ELECTRIC UTILITY DEREGULATION**

**ON**

**NEW JERSEY'S ENVIRONMENT**

A summation of testimony presented at the April 14, 1999 public hearing sponsored by the New Jersey Clean Air Council, in accordance with N.J.S.A. 26:2C-3.3(h).

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**NEW JERSEY CLEAN AIR COUNCIL**  
**1999 Public Hearing**  
**April 14, 1999**

**THE IMPACT OF ELECTRIC UTILITY DEREGULATION ON  
NEW JERSEY'S ENVIRONMENT**

Scope.....	Page 2
Executive Summary.....	Page 3
Recommendations of the Council.....	Page 4
Summary of Testimony .....	Page 6
Glossary.....	Page 15
Attachment # 1, Resolution.....	Page 16
History of NJCAC Hearing Topics.....	Page 18

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**1999 Public Hearing**  
**April 14, 1999**

**THE IMPACT OF ELECTRIC UTILITY DEREGULATION ON  
NEW JERSEY'S ENVIRONMENT**

**SCOPE**

How will the state's deregulation of the electric utility industry in August, 1999, affect the environment in New Jersey? Predictions have been made that the type of fuel used in electric generation will be changed, which will affect the type and amount of pollution in New Jersey's air, as well as pollution pushed downwind into New Jersey from other states. The hearing speakers discuss various viewpoints concerning environmental impacts--the degree or extent, what actions state government may take to improve the environment and the consequences of all such actions.

The Clean Air Council recognizes that individual electricity customers may affect the outcome. Deregulation will allow customers to choose their supplier and to decide whether to take the environmental characteristics of the power into consideration for that choice. The hearing will explore the best means to inform the public of the significance of the choice they will make.

The Clean Air Council has questions to be answered at the hearing. The first concerns the source of electric generation. In 1995, 39 percent of New Jersey's electricity was produced from coal, four percent from oil, 11 percent from natural gas, 44 percent from nuclear and two percent from hydroelectric power. How will this change with deregulation?

The second question concerns how deregulation will affect air quality in New Jersey? What other environmental impacts might result? Will mercury contamination increase?

The third question: What plan does the state government have? What plan does the state government have to insure that the concerned public is provided the information needed? What information does a citizen need to make an informed choice in selecting an energy supplier?

The fourth question: How can state government protect New Jersey air from being polluted by emissions from less clean, out-of-state energy sources?

Fifth question: What types of conservation and new clean sources including those that rely on renewable energy, should be encouraged in New Jersey and what can state government do to promote these?

Sixth question: Will deregulation provide incentives or disincentives for conservation and renewable power?

## EXECUTIVE SUMMARY

The New Jersey Clean Air Council (Council) continues to support and value the efforts of the Governor, the State Legislature and the New Jersey Department of Environmental Protection (NJDEP) in the improvements to air quality in the State of New Jersey.

New Jersey's air quality has been improving since 1988. It has been demonstrated that air emissions in upwind states causes degradation of air quality in downwind states, such as New Jersey. Therefore, the Council is concerned about the expected increase in power plant-generated emissions in our upwind states as a result of deregulation and the quest for cheaper energy.

The Electric Discount and Energy Competition Act deregulates/restructures the energy industry and creates market competition where there was none. The law favors energy efficient strategies and encourages technologies to employ renewable energy sources. These features are designed to provide lower costs to all energy users and continue the progress toward better air quality.

Deregulation of electrical energy could lead to energy users unwittingly selecting cheaper but dirtier energy. Energy users needed to be aware of this consequence and be prepared to evaluate the environmental impact resulting from various energy producers.

Environmental groups are concerned that energy deregulation will lead to more unhealthy air in New Jersey. Business and industry groups have expressed concern because energy costs in New Jersey are the highest in the nation. Energy users should be able to evaluate not only comparative energy costs, but also environmental impacts associated with energy production.

All energy users in New Jersey must be able to evaluate competently the various producers and suppliers of energy which enter the marketplace. A standardized environmental disclosure label is necessary for such evaluation. This label should include information on fuel mix, renewable energy sources, and the generating unit's air emissions, such as, CO<sub>2</sub>, NO<sub>x</sub>, SO<sub>2</sub> and other related factors, in a comprehensive, understandable format.

The legislation requires that The Board of Public Utilities (BPU), in consultation with the NJDEP, adopt standards to implement the disclosure information from the suppliers to allow energy users a meaningful comparison. This requirement is necessary for energy users environmental consideration.

The existing producers and suppliers of electricity in New Jersey are seeking to be consumer-responsive, as well as comply with the new law. Technology to increase options for "clean power" is being encouraged by various groups (The Coalition for Competitive Energy, New Jersey Business and Industry Association, The Independent Power Producers and The New Jersey League of Municipalities). There is also the concern to improve New Jersey's

"marketability" to attract business and industry as power costs are reduced.

Regional efforts among the Northeast states needed to be continued to support stricter federal environmental requirements on upwind states contributing to pollution in New Jersey and to develop a consistent policy on portfolio standards with electrical deregulation.

The New Jersey Clean Air Council has several recommendations to keep the state a market-viable and healthy location for residents and business/industry.

## **RECOMMENDATIONS OF THE NEW JERSEY CLEAN AIR COUNCIL**

1. The Council supports New Jersey's pursuit of cheaper energy for its citizens with appropriate federal and/or state environmental safeguards. The production of cheaper energy must not be accompanied by environmental degradation. It is the role of both state and federal governments to prevent this from occurring.
2. The Council strongly supports the needed for information and education in allowing the energy users to evaluate the environmental impacts associated with choosing an energy producer. The NJDEP and The BPU must examine and monitor methods by which energy users are being provided this information. Energy users must understand that cheaper energy may be generated by "dirtier" sources that will have an adverse impact on New Jersey's environment and public health. The format and type of information must be understandable and accurate to assure that this shall occur.
3. The Council supports the enlarging of each energy portfolio to include a greater percentage of cleaner energy sources (solar, waste-to-energy, etc.). Continued improvement of technology and the use of renewable energy must be accommodated and encouraged by offering various economic incentives to the energy producers. New Jersey also needs to develop a reliable infrastructure to support the marketing for newer, cleaner technologies.
4. New Jersey and its neighboring states should press for stronger federal action against its upwind states to regulate those facilities within their boundaries to enable the downwind states to comply with federal clean air standards. New Jersey should continue to vigorously pursue a regional effort which would force the federal government to take action against those states which continually degrade the air quality from cheaper, coal-burning power plants.
5. New Jersey should strive to work cooperatively with neighboring states to achieve further emission reductions and improve the regional air quality. The Council supports and encourages Commissioner Shinn to continue his participation and efforts in regional and state environmental groups, such as The Ozone Transport Assessment Group (OTAG), The Ozone Transport Commission (OTC) and The Environmental Council of States (ECOS).



6. The Council strongly urges that PJM Interconnection become the administrator for tracking generator sources and the amount of pollution they produce. The BPU, in collaboration with NJDEP, should pursue this agreement.
7. The Council recommends consumer education as a cooperative effort by all stakeholders in the deregulation process. The State, power suppliers, environmental groups, business and industry groups should work together to inform all energy users through the media. Associations, chambers of commerce and other organizations should be targeted to facilitate the learning process of individuals.
8. The Council supports the development of regional emission portfolio standards.
9. The NJDEP should continue to monitor and evaluate air quality and all other available data and information to determine whether there is an adverse impact due to changes in generation capacity and fuel type attributable to energy deregulation. Such evaluations should be reported to the Commissioner of the NJDEP, the President of the BPU, and the NJ Clean Air Council.

## **SUMMARY OF TESTIMONY OF THE HEARING AND SUBMITTED DOCUMENTS**

### **ROBERT C. SHINN, JR., NJDEP COMMISSIONER**

The Commissioner acknowledged that the 10-year achievement of better air quality has been "tough." He stated that there were 47 violations this year of the eight-hour ozone standard and that the "one-hour standard is somewhat within our reach." He expects there will be additional NOx reductions steadily over the next year.

Commissioner Shinn said that through many meetings concerning the OTAG process (Ozone Transport Assessment Group), as well as with FERC (Federal Energy Regulatory Commission), the focus was on how energy deregulation would impact New Jersey's air quality. He stated it was through the OTAG being persistent that the Council of Environmental Quality, USEPA Administrator Carol Browner and FERC came to a consensus on requirements to reduce air emissions.

Commissioner Shinn explained that The Electric Discount and Energy Competition Act creates a very different economic marketplace for New Jersey. Previously there was monopoly in the energy industry; now competition has been introduced for energy users. The law encompasses providing reliable supply and delivery of electricity, improving energy efficiency, encouraging new technology (to include more renewable energy sources) and allowing all energy users to decide who will be their energy supplier.

Commissioner Shinn described the "open market emission trading program" and how this has been an incentive in achieving better air quality. He said that DEP is working to "promote environmental technologies" through "a third party independent entity, the New Jersey Corporation for Advanced Technology. NJDEP certifies the overall performance of a technology to meet the highest environmental standards and minimize any impacts to the environment."

Commissioner Shinn explained how New Jersey is targeting the sources of generation of greenhouse gases concerning the reduction of emissions. Improved technology and greater efficiency for energy production, recycling and encouraging renewable energy technologies are the primary strategies to improve air quality.

He discussed features of the energy deregulation law. He said that environmental disclosure will be a key for energy users to make informed choices of energy suppliers. A standardized label which explains the environmental aspects of the energy production is required of all providers supplying electricity in New Jersey. The label will include information on fuel mix, renewable energy sources, the air emissions of the generating unit, etc. Commissioner Shinn said that the Electric Discount and Energy Competition Act also has a mission to "prevent adverse environmental impacts."

In his explanation of Renewable Portfolio Standards, the Commissioner displayed an overhead slide which illustrated the current fuel mix percentages for the Pennsylvania, New Jersey, Maryland control area. He drew attention to the high percentage of nuclear fuel usage, 34 percent, and 45 percent for coal. He expressed concern that the decommissioning of nuclear power plants over the next 25 years could add increased air emissions, since coal-fired plants may be the replacement producers. The Commissioner added that natural gas is a cleaner power source and it is becoming more a part of power production in New Jersey. He stated that the law encourages the development and implementation of clean, renewable energy sources through incentives such as providing funding for such projects.

The Commissioner discussed other points in the law--the two classes of renewable energy, net metering, and Emission Portfolio Standards. He stated that "New Jersey is committed to move forward with its standards parallel with its neighboring states. We have been working with those states to develop consistent principles for which regional emission portfolio standards can be enacted."

Commissioner Shinn concluded, "The required model Emission Portfolio Standard is one of the options BPU has proposed for the benchmark that will be used for defining "green power" for environmental disclosure purposes. It will be challenging to reach the new standards but all consumers of energy must make the commitment to clean technologies. The benefit to all who live and work in New Jersey will be cleaner air and water. Depending how our resources are managed will determine how we are in 2035. I think if we arrive at our three-and-a-half percent reduction at 2005, getting to the rest of the way will be relatively downhill."

#### **RICHARD BAGGER, NEW JERSEY ASSEMBLYMAN (22ND DISTRICT)**

Assemblyman Bagger discussed "energy deregulation from a legislative perspective." He congratulated Commissioner Shinn "for the steps that have been taken to improve air quality in New Jersey, especially in the last six years." He noted that this accomplishment was the result of "a coordinated effort" by government and industry.

He stated that the Legislature wanted to be sure the electric deregulation maintained the "very strong air quality standards" in the deregulated system as it has had in the totally regulated one. The bill requires that power providers in New Jersey will illustrate, in a uniform format that is easy to understand, the components of their energy production.

There is also a provision in the new law related to an Emissions Portfolio Standards to encourage regional Emissions Portfolio Standards. Assemblyman Bagger stated that it was not likely all our regional neighboring states will participate in this process so he thinks stronger federal action is probably needed.

He outlined other bill provisions: two classes of renewable energy and "maintaining current

funding for energy efficient programs and requiring that of existing funding, at least 50 percent be dedicated to new energy efficiency and renewable energy programs. New Jersey residents now make the highest per capita commitment to clean energy nationwide. We have the highest per capita charges on our bills for clean power. This legislation continues those investments at current levels. To lower the cost of energy in New Jersey we maintained the current levels, which are the highest in the nation, about three times the per capita in California."

He responded to Dr. Manganelli's questions regarding cooperation between groups to receive better prices for energy and what public education is planned by saying that any association or government entity can be an aggregator to pool voluntarily groups of consumers to get the buying power and the free market of a large consumer. Public education is required because this new law changes how the consumer will interact with power providers. The BPU will have an education program to prepare consumers for a competitive environment.

### **JOHN WISNEWSKI, NEW JERSEY ASSEMBLYMAN (19TH DISTRICT)**

Assemblyman Wisnewski preferred to call deregulation "restructuring." He acknowledged several legislators who had accomplished the "mammoth task." He said that he and others in the legislature urged "a much slower approach to restructuring" mainly due to concerns on air quality.

He stated that the industrial, commercial and business community of this state welcome cheaper power, but that the environmental community is very concerned whether air quality can even be maintained at current levels. He said that cheap power comes from other states which have "far dirtier standards" than New Jersey has.

He said that his caucus tried to sponsor legislation that would have required labeling power, to know what components the electricity has and to tax "dirty power" to keep a balance between "clean power" and the economic benefits of deregulation/restructuring. He said that New Jersey has been a leader in the Northeast on environmental quality and standards. Also, taxing out-of-state cheaper power suppliers would "protect our environment and place the producers in this state on an equal footing, which means jobs, economic opportunity and activity for New Jersey.

He responded to a question from Dr. Manganelli regarding the tax being a disincentive for industry to come into and develop in New Jersey by saying that anyone wanting to do business in New Jersey has to meet all of our requirements now. He added, "It may have the added benefits of helping you competitively because those competitors out of state that might be able to generate more cheaply are going to be forced to bear some of the costs that you have to bear to meet the environmental standards in New Jersey.

**GLENN C. WEISS, PJM INTERCONNECTION ORGANIZATION, SENIOR  
OPERATIONS ENGINEER & INFORMATION SPECIALIST**

PJM, founded in 1927, is responsible for the operation of the largest centrally-dispatched electric system in North America. As the nation's first fully-functional Independent System Operator (ISO), PJM ensures the delivery of electric power to over 23 million people in Pennsylvania, New Jersey, Maryland, Delaware and the District of Columbia.

PJM is comprised of members that include investor-owned utilities, independent power producers, federal power marketers, transmission owners, load aggregators for retail choice and other users of electric power. PJM's market was described as being one of the most liquid and active energy markets in the United States. Mr. Weiss further described his organization's continuing pursuit of innovation in all aspects of the energy industry.

**CAROL MURPHY, NEW JERSEY ASSEMBLYWOMAN (26TH DISTRICT)**

Assemblywoman Murphy began by saying that the winds bring air into New Jersey from states that have coal mining and burning as a large part of their economy. While the bill does not answer all questions raised because of energy deregulation, it does have commendable features. In addition, the bill encourages the development of energy production that is clean, so that New Jersey's air will continue to improve. The choices that the bill provides needed to be affordable to the energy user. She described the legislation as doing many things right and that the bill would "encourage business,... economy to develop ... new strategies and new ideas." She added that the New Jersey bill addresses the tax issues, which other states did not do in their legislation for energy deregulation.

Assemblywoman Murphy encouraged the Council members to stay apprised of the developments that occur from the law. She said that so many things affect our air that it will take diligent awareness of the changes which may happen because of the deregulation. She also stated that communication and education are vital to the success of the process.

**HAL BOZARTH, EXECUTIVE DIRECTOR, CHEMICAL INDUSTRY COUNCIL  
AND SPOKESPERSON, THE COALITION OF COMPETITIVE ENERGY  
(COALITION)**

Mr. Bozarth indicated in his testimony that the Coalition was very involved with the deregulation bill. He said that New Jersey will realize economic benefits by having competition in the energy marketplace since lower energy costs will attract business to the state, and because innovation through emerging technologies will improve air quality while reducing energy prices.

He said, " New Jersey has rates on average 50 percent above the national average. It was clear

that one of the competitive pressure points for business in NJ was the high price of energy. Deregulation had its primary function of lowering the high energy costs."

The Council was encouraged to embrace the open market for utility deregulation. He said that opposing exit fees, pushing for truth in advertising and supporting the creative pursuit of energy solutions will give New Jersey lower energy prices and still keep the environment clean.

#### **CHRIS SIEBENS, MANAGER OF REGULATORY PROBLEMS, GPU ENERGY**

Mr. Siebens said that he manages the energy efficiency programs for GPU Energy in New Jersey. He stated that while the new law " is a good framework", there are questions about deregulation yet to be answered. The questions relate to fuel mix, improvement of air quality and how customers will have information to select an energy supplier.

He explained that GPU is getting out of the energy generation business, except for the Yards Creek pump storage facility. He said that GPU is focusing on transmission and distribution of energy. GPU is seeking other energy sources than what it described as the traditional central-station, fossil fuel electric generating stations. They are looking for less polluting sources, such as renewable energy. Their Technology Ventures group is working on projects with fuel cells and photovoltaics. He said one product will be available in New Jersey next year. GPU is also joint venturing with Astropower, a leading manufacturer of solar electric photovoltaic modules. Mr. Siebens also testified that GPU Solar is selling residential packaged photovoltaic systems that provide homes in New Jersey with up to 50 percent of their annual electricity use. He added that GPU Solar is also developing green power plants in California and Pennsylvania and is looking forward to the development of this market in New Jersey.

#### **MARK BROWNSTEIN, PSE&G**

Mr. Brownstein began by saying that air entering New Jersey already exceeds the federal health standards for ozone on some summer days. He added that over 40 percent of the total ozone affecting New Jersey's air quality comes from out-of-state sources. PSE&G has taken steps to control emissions in its existing generation plants. PSE&G also modified its fuel profile by switching to and co-firing with gas.

He explained that the deregulation/restructuring legislation provides that consumers will be able to make informed energy supplier choices, that New Jersey continues to be committed to energy conservation. He added that the bill encourages the development of new energy resources in New Jersey. PSE&G will " work closely with the BPU, the NJDEP and other stakeholders to make the various environmental initiatives in the legislation a success."

Mr. Brownstein concluded: "EPA's 22-state plan to regulate power plant NOx emissions is under

heavy political attack. Several Midwestern states joined by their utilities have sued in federal court to block the plan. There is a part of the Federal Clean Air Act that empowers the state to petition EPA directly when it can show that power plants or other large stationary sources of NOx are contributing to that state's air quality problem. New Jersey has not yet exercised this option. If the state decides to pursue this right, PSE&G urges the Council to support such a decision."

#### **BRIAN KILLKENNY, GREEN MOUNTAIN ENERGY RESOURCES**

Mr. Killkenny gave a short history of his organization, describing Green Mountain as a privately-funded retailer of green renewable energy in California and Pennsylvania serving the deregulated markets, that began in 1997. They are headquartered in Vermont. The company is involved with supply services, market tipping, etc. Their early link with Green Mountain Power is now divested.

Their marketing studies found that 47 percent of the people expressed a willingness to pay more for their electricity from renewable energy. Their experience in California and Pennsylvania was that between 20 percent and 50 percent of those states' customers switched to "green energy."

"We face challenges in consumer education. Consumers generally don't know and don't care where their power is coming from. Surveys show that most people feel that 50 percent of their power is coming from hydro. It's hard for people to understand that they're supporting the power plant, which gets mixed into the power pool. Disclosure is probably one of the key items for the market to continue forward. Without that, consumer confidence would be lost and the whole market would basically flop."

He concluded by saying that the consumer often has confusion about what is "green energy" and that their organization is working to make definitions on renewable energy available. Mr. Killkenny said that new technologies will be a significant part of their marketing system.

#### **CHERAE BISHOP, VICE PRESIDENT OF LEGISLATIVE AFFAIRS AND MEDIA, INTEGRATED WASTE SERVICES ASSOCIATION (IWSA)**

Ms. Bishop introduced her company and its mission by saying that their member companies represent 64 waste-to-energy facilities nationwide. IWSA facilities process waste each day and generate clean, renewable electricity. She stated that the waste industry performs two services to customers: safe solid waste management and disposal and the generation of clean electric power. She said there are five waste-to-energy facilities in New Jersey.

She added that their industry generates about 1.4 percent of total electricity generated. Renewable energy is slightly more than two percent of the nation's electricity market. She

explained that the waste-to-energy industry offers a power production alternative to coal and releases fewer pollutants into the air. " Waste-to-energy also depletes less of the earth's natural resources than oil, coal or natural gas, power to electricity generation."

#### **JIM SINCLAIR, FIRST VICE PRESIDENT, NEW JERSEY BUSINESS & INDUSTRY ASSOCIATION**

Mr. Sinclair began by saying, "From our perspective at the Business and Industry Association, this bill is a compromise. We didn't get everything we wanted for the general business community. It's a bill that reflects a lot of effort. The bill has focused on economics, on cost of energy in New Jersey. In the '80's, New Jersey always ranked down at the bottom of studies on the energy cost as a thing that impacts negatively on attracting and keeping manufacturing business."

He said that in talking with a beverage manufacturer, the company was quite concerned about the cost of energy to produce their product. The company showed him its international energy costs; Japan was the only other facility that was higher than New Jersey's (they had about 17 facilities throughout the world).

He said that he has frequently commented that New Jersey will have better air quality when there are national standards. That, in his view, constituted progress. He added that energy costs must go down as well as finding better energy efficiency. The availability of energy is also essential to the economy's health. He remarked that New Jersey needs to work with other states concerning the use of coal, nuclear power and their waste products. He said that better design and operation of these facilities will have to be sought.

#### **STEVE GABEL, GABEL ASSOCIATES AND THE INDEPENDENT POWER PRODUCERS (IPPs)**

Mr. Gabel explained that his company is an energy and environmental consulting firm in New Jersey. He was also representing independent energy producers in New Jersey who are New Jersey's non-utility producers of power within the state. According to him, these producers now represent about 13 percent of New Jersey's electric generating capacity on a physical capacity basis. On an energy production basis, they're providing between 20 and 30 percent of the electricity that is produced to serve New Jersey.

He stated that environmental policy in New Jersey is strong because of DEP's strong efforts to promote clean technologies with a very sound permitting process. The electric deregulation bill is the other foundation. Wholesale competition, exchanges of power for money among wholesale buyers of power, has been going on very strongly in the region for at least the last five



years.

Mr. Gabel continued by recommending that New Jersey continue to pursue federal level standards on such matters as emissions and the permitting process. This will encourage "real, fair, sustained competition among power suppliers." He said that the Independent Power Producers NOx emission rate is much lower due to the newer plants and because they engaged in cogeneration. He stressed the needed to encourage technology and to have DEP keep managing the permit process in an efficient manner to protect public health. He said that the disclosure label will be important for energy users to know electricity costs and the environmental impact of the energy that is generated. He believes this will make the process clearer to the users.

#### **MICHELE MCMORROW, REGIONAL DIRECTOR, BURNING ISSUES**

Ms. McMorrow expressed concern about wood smoke pollution. She referenced the experience of the deregulation of the communication industry, how there were "professional and amateur participants". Deregulation of the electric utility industry could produce similar results.

She reported that asthma has increased 61 percent since the early 1980s, with children under 18 years of age increasing 73 percent from 1982 to 1994. She reminded the listeners that many things affect air quality. One pollutant source often ignored is the burning of wood. Individuals sometimes choose to operate their fireplaces and wood stoves as a substitute for other heat. Wood smoke produces very fine particles. These, she cited, actually average less than one micron which allows them to remain airborne for as long as three weeks. She added that inhalation of this particulate matter causes coughing, irritation, scarring and damage to the lungs. It contributes to cancers and to heart disease and to changes in the DNA which can lead to autoimmune disease. According to Ms Morrow, the USEPA estimates that the cancer risk from wood smoke is 12 times greater than that from the equal amounts of tobacco smoke. It also remains viable longer. "There's just no way to burn wood safely."

(Conclusion of verbal testimony for the hearing.)

Commissioner Shinn appeared before the Council again, this time to inform them of a new action he is signing today. It is a Clean Air Act, Section 126, action against a group of states south, as far as North Carolina, and west to include Illinois and north to Michigan and New York. He said the decision was made because of the concern that states that voted for the OTAG solution and recommendation of the EPA changed their position.

Mr. Spatola said, "the Clean Air Council today has passed a resolution in this regard."

(The text of the resolution is Attachment 1 of this report.)

Mr. Egenton commented that the New Jersey State Chamber of Commerce joined in the litigation with the New England states.

**William Dressel, Executive Director, New Jersey League of Municipalities**

(Testimony was read into the record, Mr. Dressel could not be present.)

Mr. Dressel's written testimony began by acknowledging that deregulation means more energy coming from states west of New Jersey. "Environmental standards are less in that region than those in New Jersey. Therefore, the League supports any initiative that will work toward the reduction of imported energy to the state which has been produced through unacceptable environmental standards. "

He continued by urging the New Jersey Legislature to adopt even stronger standards over the next four years indicating that New Jersey should take a national leadership position linking energy deregulation with environmental impact concerns. In his written testimony, Mr. Dressel added that the League is interested in municipal aggregation which can reduce energy costs for low-use energy consumers by creating the advantage of volume purchasing. Mr. Dressel also wrote that demand side management will be part of the solution to better air quality, while reducing energy prices. Additionally, the League endorses the law's provisions of increased funding to develop innovative and cost-effective solutions to alternative and renewable energy sources. He concluded by writing that the League will participate in the education of their membership about energy deregulation and its relationship to the environment of New Jersey.

**Marie Curtis, Executive Director, New Jersey Environmental Lobby**

(Testimony was read into the record, Ms. Curtis could not be present.)

Ms. Curtis' written testimony indicated that the New Jersey Environmental Lobby represents some 100 local and statewide environmental groups in the state with a 30-year history of activity to protect and preserve New Jersey's natural resources and public health. In recent years her group has focused primarily on air quality because of the severity of the air pollution problem in this state. " We fear the deregulation of the electric power industry will only worsen an already bad situation." She further reasoned that the lower energy costs being sought by New Jersey energy users could mean increased power from Midwestern states which have dirtier emissions than the in-state energy producers.

She also wrote, "Air pollution will hurt many of our citizens due to increased heart and respiratory diseases. Studies have shown increased hospital visits on ozone alert days. The real cost of our power provider selection may never be seen on an electric bill."

She stated that a massive public education campaign would convince New Jersey energy users that choosing for environmental health is of greater value than just how much energy costs.

### **Glossary of Abbreviations and Acronyms**

CO <sub>2</sub>	Carbon Dioxide
NJDEP	New Jersey Department of Environmental Protection
NO <sub>x</sub>	Oxides of Nitrogen
OTAG	Ozone Transport Assessment Group
SIP	State Implementation Plan
SO <sub>2</sub>	Sulfur Dioxide
USEPA	United States Environmental Protection Agency
VOCs	Volatile Organic Compounds

**Resolution  
on  
New Jersey's Action to Promote Effective Solution to the Regional Ozone  
Transport Challenge Calls for Issuing a §126 Interstate Petition to the  
U.S. Environmental Protection Agency**

**WHEREAS:** New Jersey has taken strong efforts to control ozone precursors within its boundaries.

**WHEREAS:** emission reductions from sources located in New Jersey alone cannot bring the State into attainment, because ozone and ozone precursors transported from outside the State continue to impair the State's air quality;

**WHEREAS:** New Jersey has therefore played a strong leadership role in the National Governors Association, the Environmental Council of the States, the Ozone Transport Assessment Group and the Ozone Transport Commission in promoting cooperative and innovative solutions to regional environmental challenges;

**WHEREAS:** New Jersey has also played a leadership role in fostering coordinated regional ozone reduction actions among the twelve Ozone Transport Commission states and the District of Columbia such as the NOx Budget Program for large stationary sources which calls for a seasonal 75% NOx reduction from electric generators by May 2003, along with an interim 65% NOx reduction beginning in May 1999;

**WHEREAS:** these regional efforts have collected evidence enabling the Ozone Transport Assessment Group to make the finding that regional ozone transport, as well as the transport of nitrogen oxides (NOx), occurs across hundreds of miles in the eastern United States during the warmer months of the year;

**WHEREAS:** based on the OTAG Assessment, the U.S. Environmental Protection Agency has determined that ozone precursor emissions originating from sources located in Midwest and southeast states significantly contribute to ozone standard exceedances in New Jersey, which is consistent with the North American Strategy for Tropospheric Ozone's finding that 40% or more of the ambient ozone affecting New Jersey is typically the result of interstate transport;

**WHEREAS:** the U.S. Environmental Protection Agency has taken final action under §110 of the Clean Air Act to address regional ozone transport in the eastern United States by requiring that twenty-two eastern states reduce seasonal NOx emissions by one third, so that power plants located in those twenty-two states reach a NOx emission level of 0.15 pounds per million BTU;

**WHEREAS:** the U.S. Environmental Protection Agency's §110 rule has been legally challenged by Midwest and southeast electric generating companies in an attempt to stay the rule and thereby delay or avoid NOx emission reduction actions;

**WHEREAS:** §126 of the Clean Air Act provides a means for states to petition the U.S. Environmental Protection Agency to take direct action to mitigate interstate transport, under which eight northeast states have acted;

**WHEREAS:** New Jersey has now joined the aforementioned eight states to petition the U.S. Environmental Protection Agency under Section §126 of the Clean Air Act.

**THEREFORE:** the New Jersey Clean Air Council strongly supports and commends the decision by the State of New Jersey to file a §126 petition expeditiously with the U.S. Environmental Protection Agency as means to ensure that the impact of regional ozone transport is effectively mitigated, should the U.S. Environmental Protection Agency be unable to proceed with §110 implementation as set forth in the §110 final rule.

Meeting reopened at 2:00 p.m. with motion to open by John Maxwell; seconded by Irwin Zonis. Motion to approve resolution (as amended) introduced by Stephen Papenberg; seconded by Jorge Berkowitz. Resolution, as amended, voted on and approved unanimously. Motion to close meeting - made by Peter Anderson; seconded by Jorge Berkowitz.

(Original signed)

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**Joseph A. Spatola, Ph.D., Chair**  
**New Jersey Clean Air Council**

DATED: April 14, 1999

## NJCAC PUBLIC HEARING HISTORY

- 1999 The Impact of Electric Utility Deregulation on New Jersey's Environment
- 1998 CLEAN AIR Complying with the Clean Air Act: Status, Problems, Impacts, and Strategies
- 1997 Particulate Matter: The Proposed Standard and How it May Affect NJ
- 1996 Clearing the Air Communicating with the Public
- 1995 Strategies for Meeting Clean Air Goals
- 1994 Air Pollution in NJ: State Appropriations vs. Fees & Fines
- 1993 Enhanced Automobile Inspection and Maintenance Procedures
- 1992 Impact on the Public of the New Clean Air Act Requirements
- 1991 Air Pollution Emergencies
- 1990 Trucks, Buses, and Cars: Emissions and Inspections
- 1989 Risk Assessment - The Future of Environmental Quality
- 1988 The Waste Crisis, Disposal Without Air Pollution
- 1987 Ozone: New Jersey's Health Dilemma
- 1986 Indoor Air Pollution
- 1985 Fifteen Years of Air Pollution Control in NJ: Unanswered Questions
- 1984 The Effects of Resource Recovery on Air Quality
- 1983 The Effects of Acid Rain in NJ
- 1981 How Can NJ Stimulate Car and Van Pooling to Improve Air Quality
- 1980 (October) Ride Sharing, Car- and Van-Pooling
- 1979 What Are the Roles of Municipal, County, and Regional Agencies in the New Jersey Air Pollution Program?
- 1978 How Can NJ Meet its Energy Needs While Attaining and Maintaining Air Quality Standards
- 1977 How Can NJ Grow While Attaining and Maintaining Clean Air Standards?
- 1976 Should NJ Change its Air Pollution Regulations?
- 1974 Photochemical Oxidants
- 1973 Clean Air and Transportation Alternatives to the Automobile and Will the Environment Impact Statement Serve to Improve Air Quality in NJ?
- 1972 The Environmental Impact on Air Pollution: The Relationship between Air Quality, Public Health, and Economic Growth in NJ
- 1971 How Citizens of NJ Can Fight Air Pollution Most Effectively with Recommendations for Action

- 1970 Status of Air Pollution From Mobile Sources with Recommendations  
for Further Action
- 1969 Status of Air Pollution Control in NJ, with Recommendations for  
Further