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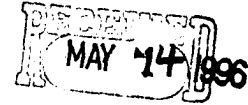
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Public Service Electric and Gas Company 80 Park Plaza, Newark, NJ 07102-4194

Environmental Management

April 30, 1996

Regulatory Reinvention Pilot Projects
FRL-5197-9
Water Docket
U.S. Environmental Protection Agency
Washington, D.C. 20460




**REGULATORY REINVENTION PILOT PROJECT PROPOSAL -
PUBLIC SERVICE ELECTRIC & GAS (PSE&G) - ADDENDUM**

Dear Sir or Madam:

Enclosed are three (3) copies of an addendum to PSE&G's Initial Proposal, for consideration under EPA's Regulatory Reinvention Pilot Project ("Project XL") initiative. 60 Fed. Reg. 27872 (Initial Proposal sent January 24, 1996). This addendum includes concepts for specific regulatory relief, which had been requested by USEPA Headquarters and EPA Region II, to administratively complete our Initial Proposal.

PSE&G is appreciative of the willingness of the USEPA to work with us on our Project XL submittal, and for the patience Headquarters and Region II staff have demonstrated throughout this process. If you have any questions regarding PSE&G's Project XL proposal, or require additional copies of the proposal, attachments, or addendum, please contact Mr. Thomas Costantino of my staff at (201) 430-5869 or Mr. Albert Fralinger of our Materials Management Support Organization at (201) 430-8244. Thank you in advance for your consideration.


Stanley LaBruna
Vice President -
Environmental Management

Enclosures

- C David J. Kling, Director, Pollution Prevention Division (w/enclosure)
- Sherry Bishko, Program Analyst, USEPA Region II (w/enclosures -3)
- Dona DeLeon, Special Assistant to the Commissioner - NJDEP (w/enclosures-3)

The power is in your hands.

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**United States Environmental Protection Agency
Regulatory Reinvention (XL) Pilot Project**

**ADDENDUM TO
INITIAL XL PROPOSAL OF
PUBLIC SERVICE ELECTRIC AND GAS**

April 1996

**Public Service Electric and Gas Company
Environmental Management Department
80 Park Plaza T17G
Newark, New Jersey 07101**

I. Introduction / Summary

Public Service Electric and Gas Company ("PSE&G") submits this Addendum to its Initial Proposal, dated December 1995, to be included in the U.S. Environmental Protection Agency's ("US EPA") Regulatory Reinvention Pilot Project XL for Facilities ("Project XL"). 60 Fed. Reg. 27282 (May 23, 1995).

As described in the Initial Proposal, PSE&G is moving aggressively to implement a whole life cycle approach to materials management, integrating all phases of materials management (i.e., design, planning, procurement, material handling, and resource recovery). PSE&G's reforms have included sweeping changes to its organization, operations, and procurement practices, as well as several groundbreaking waste minimization initiatives. Although PSE&G's initiatives continue to evolve, they have already produced dramatic environmental improvements. In less than three years, PSE&G reduced its generation of hazardous waste by over 40 percent and achieved over a 90 percent recycling rate for all non-hazardous solid waste. Incredibly, PSE&G obtained these results while at the same time dramatically reducing its annual waste management costs by an estimated \$13 million dollars.

PSE&G requests inclusion in Project XL to obtain regulatory flexibility to build on these successes. As discussed below, PSE&G seeks to manage certain hazardous wastes as RCRA "universal wastes." In addition, PSE&G requests relief from the New Jersey Department of Environmental Protection ("NJ DEP") policy limiting the incineration of chemically-treated wood for energy recovery to certain out-of-state facilities. Such regulatory flexibility would enable PSE&G to achieve further success in waste minimization and waste management cost controls. The acceptance of PSE&G's Initial Proposal would promote the objectives of the Project XL because it would

produce greater environmental benefits than would be attained through full compliance with applicable existing environmental regulations.

II. PSE&G's Requested Regulatory Flexibility

Over the last three years, PSE&G's materials management/waste minimization strategy has already achieved remarkable successes. PSE&G now seeks to work with US EPA and the NJ DEP under this XL proposal to develop further innovative approaches to materials management. The exercise of regulatory flexibility with respect to certain waste management requirements will enable PSE&G to manage the affected wastestreams in a more rationale and cost effective manner while simultaneously achieving a result that is better for the environment.

A. Management of Certain Hazardous Wastes Under The RCRA Universal Waste Program

PSE&G has launched an unique initiative to centralize the company's hazardous waste management practices and to enhance the company's pollution prevention program. To further these efforts, PSE&G requests regulatory flexibility to manage certain hazardous wastestreams under the RCRA "universal waste" program, codified at 40 C.F.R. Part 273.¹ This form of regulatory relief is consistent with the objectives of Project XL because management of these wastes under the universal waste program would ensure proper waste management, avoid cumbersome and inappropriate regulatory burdens, reduce the costs of waste management, and facilitate intra-company waste consolidation and recycling.

¹ New Jersey currently is considering, but has not yet adopted, the US EPA universal waste program, which covers batteries, pesticides and thermostats. See 40 C.F.R. Part 273.

The RCRA universal waste program provides streamlined rules governing the generation, transportation and consolidation of hazardous waste. See 60 Fed. Reg. 25492 (May 11, 1995). EPA created the program because the Agency recognized that the current RCRA Subtitle C system, based on the model of large-scale industrial process wastes, creates great inefficiencies and over-regulation when applied to wastes produced in small volumes at widely dispersed generation points. Id. at 25493. In response to this problem, EPA designed the universal waste system to provide for a more rationale, cost effective approach for managing such wastes that is fully protective of human health and the environment. Id. at 25501-03.

By providing PSE&G the regulatory flexibility under Project XL to manage certain wastestreams under the universal waste program, such widely generated, low volume wastes (such as unused paint waste or lighting wastes) would no longer be subject to some of the more burdensome, costly and problematic requirements of the hazardous waste program. Under the current regulatory system, for example, each individual generation point is required to (1) become a RCRA generator, which involves obtaining an individual I.D. number and complying with a wide array of manifest and complicated land disposal restriction ("LDR") requirements, and (2) transport its wastes directly to a permitted treatment, storage and disposal ("TSD") facility. In addition, under existing regulatory requirements, the central collection point generally must be a RCRA permitted facility and undergo RCRA's facility-wide corrective action program.

Allowing PSE&G to manage certain wastestreams under the universal waste program would result in greater environmental benefits than full compliance with the existing regulatory requirements. Under the universal waste program, PSE&G would be required to manage its universal waste "in a way that will prevent releases of any universal waste or component of a universal waste into the environment." See 40 C.F.R. §§ 273.13(a), (b) and (c), and 273.33(a), (b) and (c). Moreover, the universal

waste program would facilitate PSE&G's intra-company hazardous waste consolidation efforts because PSE&G would no longer be required to send large numbers of individual shipments of universal wastes directly to permitted TSD facilities. As a result, PSE&G may be able to collect such wastes in sufficient quantities to achieve the economies of scale necessary to allow cost-effective recycling and/or disposal of such wastes. In this manner, the inclusion of PSE&G into the XL Project would facilitate PSE&G's ongoing materials management initiative.

In this Initial Proposal, it is premature to delineate with certainty which of PSE&G's hazardous wastestreams should be characterized as universal wastes. PSE&G nevertheless believes that several of its wastestreams may be appropriately regulated under the universal waste program. Such hazardous wastes are generated in relatively small volumes by PSE&G at numerous locations throughout the company's large utility distribution network, including generating stations, service centers, substations and other remote field areas. Specifically, the following wastestreams may qualify for management under the universal waste program:

Automotive wastes (e.g., antifreeze), battery wastes, contaminated solids and debris (up to a specified volume limit), contaminated water (up to a specified volume limit), electrical equipment (e.g., mercury switches, mercury regulators, fuses), filter waste (e.g., antifreeze recycling, fluorescent light crushers, paint booth, sandblast booth), lighting waste (e.g., fluorescent light tubes, halogen bulbs, incandescent bulbs, mercury vapor lamps), photographic waste (e.g., developers, fixers, stabilizers), paint related waste, resins, sandblast waste, sludges (e.g., utility access residuals), and/or solvent wastes.

In sum, providing PSE&G the regulatory flexibility to manage all or some of the above wastestreams under the RCRA universal waste program would enable PSE&G to avoid unnecessary and burdensome regulatory requirements, reduce waste management costs, and facilitate intra-company waste consolidation and recycling – without compromising protection for human health and the environment. This form of regulatory flexibility falls squarely within the scope of Project XL because it would result

in greater environmental benefits than full compliance with the existing regulatory requirements.

B. Combustion of Chemically-Treated Wood for Energy Recovery

PSE&G also seeks regulatory flexibility to better manage its chemically treated wood scrap (i.e., utility poles treated with creosote). Currently, chemically-treated wood is governed under a special policy promulgated in 1993 by the NJ DEP. In essence, these rules force generators of chemically treated wood to send the waste to out-of-state facilities for fuel combustion and energy recovery purposes. PSE&G believes that it would be more appropriate to send its waste to qualified in-state facilities as a fuel to be burned for energy recovery. This approach minimizes the resources, risks and costs associated with the transportation of such waste and would enable PSE&G to receive energy and recycling credit for this form of waste management.

PSE&G estimates that its operations generate approximately 6,000-8,000 tons of creosote-treated utility poles annually. Historically, chemically treated wood was classified as ID-13 bulky solid waste in New Jersey and is directed by the N.J. Interdistrict and Intradistrict Solid Waste Flow Rules to specific solid waste management facilities for disposal. See N.J.A.C. 7:26-6. This proved problematic because a number of in-state transfer stations, landfills and solid waste incinerators were reluctant -- or refused -- to accept bulky chemically-treated wood. In addition, there are few or no recycling options available for generators for this waste type because of the chemicals used to treat and preserve the wood.

As a result, the NJ DEP set forth a special policy position on December 29, 1993 regarding the applicability of the N.J. solid waste regulations to chemically treated

wood.² Under this policy, chemically-treated wood may be transported for utilization as fuel to dedicated power generating incinerators which employ energy recovery systems outside the scope of the N.J. Interdistrict and Intradistrict Solid Waste Flow Rules. In other words, waste generators could ship their chemically-treated wood to qualified power generating incinerators, even if such waste management is technically contrary to New Jersey's solid waste flow regulations. The NJ DEP expressly recognized that the fuel combustion and energy recovery of chemically-treated wood at facilities with proper air pollution control and monitoring equipment represented "a sound management approach" because the chemicals are destroyed in the combustion process and the wood's energy value is recovered. *Id.* at 3.

In practice, however, the NJ DEP has identified only four out-of-state power generating facilities that are approved to receive New Jersey generated chemically treated wood for incineration and energy recovery purposes. (Two of these facilities are in Pennsylvania, one in upstate New York and the last is located in Maine.) Consequently, PSE&G's must either ship its creosote-treated utility poles to an out-of-state facility for fuel combustion for energy recovery purposes or pay tipping fees for disposal at an in-state landfill.

Such a policy is unnecessarily burdensome and counterproductive to the cost-efficient and environmentally protective management of this wastestream. The transportation of chemically-treated wood to out-of-state incineration facilities adds unnecessary waste management costs and produces needless environmental risk. In

² See N.J. Department of Environmental Protection, Decision on Request for Interpretation, In the Matter of Managing Chemically Treated Wood Scrap Through Incineration and Energy Recovery, Jeanne Fox (Acting Commissioner), December 29, 1993 (copy attached). Although this policy officially expired in December 1994, NJ DEP officials confirm that it is still in effect and is expected to be codified as an amendment to the N.J. solid waste regulations in the near future.

addition, PSE&G forfeits the energy and recycling "credit" available if the waste is incinerated for energy recovery at an in-state facility. The only remaining option, sending the waste to a New Jersey landfill, is also inappropriate because, as the NJ DEP has recognized, few facilities will accept the waste, PSE&G would have to pay tipping fees, and the remaining energy value of the wood would be squandered.

In contrast, participation in the XL program would enable PSE&G to manage its chemically-treated wood at in-state facilities for fuel combustion and energy recovery purposes. This form of regulatory flexibility is desirable because it would avoid the unnecessary energy, risks and costs associated with transportation of the waste to out-of-state facilities and would allow PSE&G to obtain the appropriate energy and recycling credits for its waste management practices. As such, PSE&G's waste minimization and waste management initiatives would be bolstered and the company may be able to reallocate its financial resources into other aspects of the company's groundbreaking materials management program.

C. Future EPCRA Section 313 Reporting Requirements

Another area where regulatory relief may be appropriate is under EPCRA § 313, which requires certain facilities to complete annual toxic chemical release forms. Electric utility companies are not currently subject to this requirement. Nevertheless, PSE&G would like to preserve its opportunity to request relief under Project XL from this provision if it is eventually extended to electric utility companies, as PSE&G believes that this reporting program might well be unnecessary in light of, and indeed might even impede, PSE&G's materials management and waste minimization initiative.

III. Conclusion

PSE&G has embarked on an exciting new program demonstrating that a whole life cycle approach to materials management can dramatically reduce waste management costs while simultaneously promoting waste minimization and recycling. This program would be greatly facilitated by including PSE&G in Project XL for Facilities. Specifically, providing PSE&G the regulatory flexibility to manage certain hazardous wastestreams under the RCRA universal waste program would promote consolidation, recycling and cost-effective management of these wastes. PSE&G could further enhance its waste minimization and recycling programs by obtaining permission to send its creosote-treated utility poles to in-state facilities for fuel combustion and energy recovery. PSE&G also would like to maintain the opportunity under Project XL to request regulatory relief from EPCRA § 313 if and when its reporting requirements are applied to electric utilities.

Such regulatory flexibility would enable PSE&G to achieve better environmental results at less cost than full compliance with the existing federal and state regulations. This program provides a useful model for materials management that could be adopted by other companies across the nation. Consequently, PSE&G's Initial Proposal is an ideal candidate for inclusion within Project XL.