



"Protecting Public Health and the Environment"

STATEMENT ON THE CONSTRUCTION OF THE STANDBY POWER GENERATION FACILITY

June 10, 2021

The Passaic Valley Sewerage Commission ("PVSC"), in connection with the Federal Emergency Management Agency ("FEMA"), the United States Environmental Protection Agency, and the New Jersey Department of Environmental Protection ("NJDEP"), is in the process of completing work on a natural disaster resiliency project. The project is a massive undertaking that will likely cost over \$600 million dollars when completed.

Planning for this project started more than eight years ago, in the immediate aftermath of catastrophic damage caused to PVSC, the City of Newark, and much of the coastline of New Jersey by Hurricane Sandy in October of 2012.

PVSC, which is located in Newark's Ironbound Section, was so severely damaged that even basic operations were not available for up to 72 hours. During that time, raw sewage was being discharged into the Passaic River and New York Harbor, impacting, among other municipalities, the cities of Newark, Bayonne and Jersey City. Raw sewage is a public health risk as it contains harmful bacteria, including fecal coliform and E. coli; viruses; and any and all other toxic substances, including chemicals and poisons that may have gone into municipal sewer systems.

PVSC is the fifth-largest publicly owned wastewater treatment facility in the United States. We serve over 1.5 million residents and thousands of businesses located in 48 northeastern New Jersey communities. But that is not all. PVSC also provides critical service to treatment facilities that provide drinking water to many of those same residents and businesses. Had PVSC's employees, along with the United States Army Corps of Engineers and FEMA personnel, not worked around the clock without rest to get PVSC's basic operations up and running within the 72 hours after Sandy hit, the City of Newark and many other PVSC communities would have faced a massive public health crisis in addition to the other calamities caused by the storm.

A major factor in PVSC's inability to keep its operations running during Hurricane Sandy was the complete interruption of both (redundant) electrical power feeds from its electricity supplier, PSE&G. PVSC is the largest single-site user of electrical power in New Jersey. Nevertheless, PSE&G was helpless to prevent the loss and PVSC – along with millions of other PSE&G customers – simply went dark.

With this in mind, a critical component for resiliency planning is the need to have an absolutely secure, reliable, on-site standby power generation facility at PVSC, what PVSC refers to as the SPGF. As part of the planning and design process for the SPGF, PVSC invited public input from stakeholders at public meetings. Design specifications were shared at those meetings and input that was received was considered and incorporated in the planning and design process.

One of the comments requested that PVSC consider using state-of-the-art technology/equipment for the SPGF, including the use of renewable energy sources to power the facility. PVSC consulting engineers evaluated the use of both wind and solar power for this purpose. Due to: (a) the very large amount of power PVSC's operations require; and (b) the fact that the SPGF must be available for use at all times, no matter the weather conditions, it was determined that these options could not be employed. Accordingly, the SPGF was designed to be fueled by natural gas, which was determined to be the cleanest, most efficient fuel source that met the reliability requirement. The natural gas to be used would be supplied by PSE&G and is the same natural gas that residents of the City of Newark use to heat their homes.

PVSC is now at the point where it has obtained all but one of the necessary regulatory approvals for the SPGF and PVSC is ready to commence construction of the building that will house the SPGF.

Within the last two months, however, PVSC has experienced renewed public interest in the SPGF project. PVSC has received a number of requests for government records regarding the project under the New Jersey Open Public Records Act ("OPRA"). PVSC has fully complied with all of these requests. In addition, PVSC senior management personnel have held (and will continue to hold) virtual meetings with parties interested in the project in order to provide answers to questions the public has as to the nature and purpose of the project.

At our last Public Meeting on May 13, 2021, a number of members of the public appeared and provided comments in opposition to the use of natural gas as the method of fueling the SPGF. This renewed interest in the SPGF project is occurring at an extremely late date – more than eight years of planning, preparation, and construction have already taken place. Furthermore, the SPGF is not a "stand-alone" project; it is part of an integrated natural disaster resiliency project, and it must be completed.

Nevertheless, the public has raised these concerns again and PVSC is fully committed to considering them. PVSC is not only by far New Jersey's oldest entity dedicated to environmental protection, it is one of the oldest such entities in the United States. Further, moving away from reliance on fossil fuels in general, the reduction of carbon emissions by State entities, and environmental justice are all extremely important concerns of Governor Murphy's administration.

Accordingly, PVSC invites and, indeed, welcomes further public participation in this project since the very nature of the project is to protect the public from events such as Hurricane Sandy.

With these considerations in mind, and in order to facilitate discussion, PVSC will take the following actions:

1. **Elimination of Peak Load Management.** Along with operating the SPGF during natural disaster events, PVSC had also planned to operate the SPGF during times when PSE&G's grid was experiencing peak loading conditions. Operating the SPGF during

those times – typically when the weather is extremely hot and many people are using their air conditioners, or when it is very cold and many people are using heaters – would have increased the reliability of the power supply to local residents, thus avoiding brownouts and blackouts. PVSC estimated that peak load management operation of the SPGF would have required approximately 720 hours of operating time per year. In response to the Newark community’s concerns, PVSC will withdraw its current Title V Permit Modification Application and will resubmit it without seeking approval to operate the SPGF for Peak Load Management.

2. **Construction of SPGF Building.** The opening of bid proposals for construction of the SPGF building was originally scheduled for June 29, 2021. PVSC will extend the bid opening date for 30 days until July 29, 2021. Instead of awarding the bid at its July Public Meeting as previously anticipated, PVSC will agree not to award the bid until its September Public Meeting at the earliest. If there is measurable progress toward a viable alternative SPGF fueling method, PVSC will seek an additional 30-day extension from the bidders to award the contract.

3. **General Public Meetings.** PVSC will conduct two public stakeholder meetings. One meeting will take place at PVSC and one will take place at a location to be determined in Newark. We had hoped to have the first meeting in two weeks on June 24th, but the NJDEP is holding a stakeholder meeting on that date on rule making for the new Environmental Justice Law, and we believe it is important for our community members, including PVSC, to attend that meeting. Topics for our meetings will include at a minimum:
 - a. The need for the SPGF and impacts to the community and the environment if it is not built;
 - b. PVSC’s partnerships with federal and State agencies on the concept and design of the overall resiliency project and the SPGF in particular;
 - c. The intended operational parameters of the SPGF;
 - d. PVSC’s initial review of renewable energy technologies and why they were determined to not be feasible;
 - e. The financing structure behind the overall resiliency project; and
 - f. Alternative proposals for SPGF fuel sources.

PVSC will prepare and distribute minutes from these meetings.

4. **Local Stakeholder Meetings.** PVSC is part of the Newark community. Accordingly, PVSC will place special emphasis over the next 60 days on reaching out to the City of Newark, the Ironbound Community Corporation, Newark DIG, and other local groups to meet with them to discuss the SPGF. These meetings can take the form of conferring with group leaders to presentations to their membership.

5. **Public Alternative Proposals Day.** As soon as possible, PVSC will announce that it will host a public “Alternatives Proposals Day” on approximately August 17, 2021.
 - a. PVSC technical and administrative staff, including PVSC’s Engineer of Record and the SPGF Project Management Team, will accept and discuss presentations from stakeholders on alternative fueling methods for the SPGF.
 - b. PVSC will review and evaluate all proposals on or before September 1, 2021, to determine whether any changes should be made to the Contract B040 bid documents to incorporate public proposals, or, in the alternative, whether sufficient reason exists to request a further extension of the contract award date to allow time for further investigation. Evaluations shall be in writing and shall be distributed to the public.

6. **Retention of Energy Consultant.** While PVSC and stakeholders are reviewing the plans for the SPGF, PVSC will as soon as possible retain an energy consultant to evaluate PVSC’s regular operations in order to determine areas in which PVSC can further reduce carbon emissions. Part of the retention agreement will include public participation and input at the beginning, during, and at the end of the evaluation, with a public presentation on the findings. The evaluation will consider all aspects of PVSC’s operations and will place special emphasis on innovative use of existing and cutting edge, proven sustainable technologies.

The energy analysis will be used as part of an ongoing dialogue with local community stakeholders with the goal of reducing PVSC’s carbon emissions while continuing to maintain its critical public health operations.

CONCLUSION

Climate change is upon us. The time to reduce dependency on fossil fuels and switch to renewable sources of energy, to the extent we can, is right now. PVSC must, however, maintain its ability to operate in the face of these challenges. That being said, we are a part of this community and our part in this community is to protect the environment and public health. We look forward to working with all of you to see what we can accomplish together.