

SENATE BILL NO. 1322

To the Senate:

Pursuant to Article V, Section I, Paragraph 14 of the New Jersey Constitution, I am returning Senate Bill No. 1322 without my approval.

On May 26, 2011, I announced that New Jersey would conduct an orderly withdrawal from the Regional Greenhouse Gas Initiative ("RGGI") on December 31, 2011. That decision was consistent with the law, which makes New Jersey's participation in RGGI permissive, not mandatory. In withdrawing, I recognized that RGGI has failed to create economic incentives for fossil fuel-fired electric generators to limit greenhouse gases. Energy producers, accordingly, were not incentivized to use lower carbon-based fuels, improve emission controls, or increase efficiencies in production. Indeed, RGGI did nothing more than impose a tax on electricity to be borne by New Jersey's overburdened taxpayers and ratepayers who already pay some of the highest energy costs in the country. Instead of increasing costs on New Jersey's ratepayers unnecessarily, real change must be addressed on a national and international scale.

Despite those failures and despite the clear language of New Jersey's law, last term, on June 29, 2011, the Legislature passed a bill claiming to "clarify" that its original intent with the passage of P.L. 2007, c. 340 was to require New Jersey's participation in the RGGI emissions auction and trading mechanism for the reduction of greenhouse gases. On August 25, 2011, I absolutely vetoed that disingenuous bill, which did not "clarify" the law, but rather attempted to change it in a transparent political response to my announced withdrawal from RGGI. The Legislature failed to override that veto.

This legislative term, the Legislature has again chosen to revisit this issue with this bill - a verbatim replica of the bill I vetoed last August. Again, I will not sign this bill as it does not "clarify" the law as the Legislature contends; it changes it in a manner that would foist higher costs on New Jersey's ratepayers.

Putting aside the Legislature's continued pursuit of a failed policy that harms taxpayers and ratepayers, this bill is particularly troubling in that it demonstrates the Legislature's preference for politics over policy. My veto of this bill was never in doubt. Rather than devote time to working with me in a bipartisan fashion on the still unresolved critical issues that affect New Jersey's taxpayers, the Legislature instead chose to present me with a replica bill advancing a futile policy.

Nevertheless, it is important to note New Jersey's continued efforts to reduce carbon emissions - efforts that have already lowered the State's carbon emissions to below the limits established for 2020 in New Jersey's Global Warming Response Act. In short, the market - not RGGI - created incentives to reduce the use of carbon-based fuels.

My Administration remains committed to enacting and pursuing policies that work with market-driven forces to decrease greenhouse gas emissions. Indeed, since my prior veto of this bill, my Administration has continued its aggressive efforts to curtail emissions, improve air quality, promote clean energy, and protect the environment. For example, I recently signed into law Senate Bill No. 1925, which will stabilize New Jersey's solar market, encourage continued economic development in the solar industry, and ensure an over \$1 billion net reduction in the cost of this program.

In addition, my Administration continues to fight aggressively to curtail out-of-state air pollution that negatively impacts New Jersey. Through federal litigation, my Administration has successfully required out-of-state power plants to install pollution-control equipment in accordance with federal law in order to reduce emissions of sulfur dioxide and nitrogen oxide that, when emitted, cross state borders and negatively impact New Jersey's citizens and environment.

Likewise, this February, I announced that New Jersey will require all power plants to meet a 2015 deadline to reduce nitrogen oxide emissions. By enforcing this deadline, an average of five to twenty tons per day of nitrogen oxide will be eliminated from the atmosphere.

Most recently, and in accordance with the Long Term Capacity Agreement Pilot Program I signed into law in January 2011, the Board of Public Utilities conducted a competitive process and recommended the development of three gas-fired combined cycle generating plants. Two of those plants, and a third new natural gas plant, will begin operating in 2015; thereby displacing existing generation, which has higher emission rates of greenhouse gases.

The foregoing demonstrates beyond doubt that my Administration will continue to work with environmental advocates and the Legislature on ways to address greenhouse gas emissions in the State of New Jersey.

STATE OF NEW JERSEY
EXECUTIVE DEPARTMENT

4

Accordingly, I herewith return Senate Bill No. 1322 without
my approval.

Respectfully,

/s/ Chris Christie
Governor

[seal]

Attest:

/s/ Charles B. McKenna

Chief Counsel to the Governor