

SENATE RESOLUTION No. 59

STATE OF NEW JERSEY

INTRODUCED JULY 25, 1996

By Senators SINGER, McGREEVEY and Adler

1 **A SENATE RESOLUTION** establishing a Senate Special Study Committee on
2 the Federal Energy Regulatory Commission's Order Nos. 888 and 889 of
3 1996.

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5 **WHEREAS**, On April 24, 1996, the Federal Energy Regulatory Commission
6 ("FERC") issued Order No. 888, which will require FERC-regulated
7 electric public utilities that own, control or operate facilities used for
8 transmitting electric power in interstate commerce, to file open access
9 tariffs, which will allow access to transmission services that these public
10 utilities currently use themselves, to other wholesale suppliers and
11 purchasers of electric power under non-discriminatory terms and
12 conditions; and

13 **WHEREAS**, FERC Order No. 888 will also permit these public utilities to seek
14 recovery of certain legitimate, prudent and verifiable stranded costs
15 associated with providing open access if these costs were incurred to serve
16 their wholesale electric power customers, since these costs would then
17 become unrecovered if their customers use open access to move to
18 another electric power supplier; and

19 **WHEREAS**, FERC Order No. 889 also issued on April 24, 1996, requires
20 these public utilities to obtain information about their transmission systems
21 for their own wholesale electric power transactions, such as available
22 capacity, in the same way their competitors do--via the creation of, or
23 participation in, an "Open Access Same-time Information System"
24 (OASIS) where this information would be made available on the "Internet;"
25 and

26 **WHEREAS**, FERC Order No. 889, will also require these public utilities to
27 implement standards of conduct to functionally separate their wholesale
28 electric power marketing and transmission operations; and

29 **WHEREAS**, FERC Order Nos. 888 and 889, which will go into effect on July
30 9, 1996, were proposed with the goal of removing impediments to
31 competition in the wholesale bulk electric power marketplace and to bring
32 more efficient, lower cost power to the nation's electricity consumers; and

33 **WHEREAS**, On May 23, 1996, the New Jersey Board of Public Utilities issued
34 a status report on Phase II of the State's Energy Master Plan, which
35 included a recommendation that full wholesale competition in the electric

1 power industry should be implemented in this State by January 1997; and
2 **WHEREAS**, It is incumbent on the Legislature to study the requirements of
3 FERC Order Nos. 888 and 889, to consider their implications for the
4 electric power providers and consumers in the State of New Jersey, and
5 to study the possible areas in which State action or regulation will or could
6 be called for; now, therefore,

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8 **BE IT RESOLVED** *by the Senate of the State of New Jersey:*

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10 1. There is hereby established the Senate Special Study Committee on the
11 Federal Energy Regulatory Commission's Order Nos. 888 and 889 of 1996.
12 The committee shall consist of five members of the Senate, with three
13 members of the committee to be appointed by the President of the Senate and
14 two members to be appointed by the President of the Senate upon the
15 recommendation of the Senate Minority Leader. The committee may appoint
16 a secretary who need not be a member of the committee. The Senate
17 President shall designate one of the members to serve as chairman.

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19 2. It shall be the duty of the committee to study the issues raised by Order
20 Nos. 888 and 889, to consider the implications of these orders for the electric
21 power industry in the State of New Jersey, and that industry's commercial,
22 industrial and residential customers, and to study the possible areas in which
23 State action or regulation will or could be called for. The primary function of
24 the committee shall be to serve as a resource for informing and educating the
25 Legislature as to the subject matter within the scope of the committee's study.

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27 3. a. The committee may meet and hold hearings at the places it
28 designates during the sessions or recesses of the Legislature, and shall be
29 entitled to call to its assistance and avail itself of the services of officials and
30 employees of any State, county, or municipal department, board, bureau,
31 commission, or agency as it may require.

32 b. The committee shall further be entitled to employ stenographic and
33 clerical assistance and incur traveling and other miscellaneous expenses as it
34 may deem necessary in order to perform its duties, within the limits of funds
35 appropriated or otherwise made available to it for its purposes.

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37 4. The committee shall report its findings in a report to the President of the
38 Senate as soon as practicable upon the completion of its work.

1 STATEMENT

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3 This Senate resolution establishes the Senate Special Study Committee on
4 the Federal Energy Regulatory Commission's ("FERC") Order Nos. 888 and
5 889 of 1996. The committee is to consist of five members of the Senate, three
6 of whom are to be appointed by the President of the Senate and two of whom
7 are to be appointed by the Senate President upon the recommendation of the
8 Senate Minority Leader.

9 It is the duty of the committee to study the issues raised by Order Nos. 888
10 and 889, to consider the implications of these orders for the electric power
11 industry in the State of New Jersey, and that industry's commercial, industrial
12 and residential customers, and to study possible areas in which State action or
13 regulation will or could be called for. The primary function of the committee
14 will be to serve as a resource for informing and educating the Legislature on
15 issues pertaining to these orders. The resolution does not provide for the
16 committee to make any recommendations concerning possible legislation.

17 The committee is to report its findings to the President of the Senate as
18 soon as practicable upon the completion of its work.

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23 Creates Senate Special Study Committee on the Federal Energy Regulatory
24 Commission's Order Nos. 888 and 889 of 1996.