E.P.A. Innovates at Big Arizona Factory

By JOHN H. CUSHMAN Jr.

WASHINGTON, Nov. 19 — As part of a broad experiment intended to change the way environmental laws are enforced, the Environmental Protection Agency today granted a huge computer-chip factory in Arizona extraordinary flexibility to operate under simplified permits in exchange for the company's pledge to do better than the law requires in controlling pollution.

The agreement with the Intel Corporation, which followed months of arduous negotiations, is a milestone in Project XL, a pilot program that the Clinton Administration has called the "crown jewel" of its efforts to reduce regulatory burdens on industries by giving them more freedom to solve environmental problems as they see fit.

Under the agreement, Intel will recycle most of the water, solid waste and nonhazardous chemicals used at the plant, will reduce its output of hazardous wastes and will adopt limits for air pollutants that are below existing requirements, the environmental agency said.

"I believe this is where we will find the next generation of environmental improvement, the next generation of environmental technology," Carol M. Browner, the E.P.A. Administrator, said today by telephone after signing the agreement at the factory in Chandler, near Phoenix.

But some environmentalists disputed that the company would in fact have to cut emissions, especially of toxic air pollutants, below the levels that might have been enforced if the usual regulatory approach had been followed. They worried that the company would be allowed to trade increases in some pollutants against decreases in others, or to change manufacturing processes in ways that might cause new emissions.

"We are disappointed with the environmental performance required by this agreement," said David G. Hawkins, a senior attorney with the Natural Resources Defense Council. "For a project billed as delivering excellence and leadership, this project could and should have delivered more for the environment."

The dispute over whether Intel is doing enough is important because the experiment is widely seen as a prototype for a much broader — and still largely unexplored — change in how the nation regulates industry, one that seeks to give companies much more flexibility in controlling pollution if they agree to achieve superior results.

For years, critics of environmental regulations have said that they sometimes cost more than they are worth, that administering them is too complex, and that bureaucrats are too inflexible in controlling every detail of a company's manufacturing and pollution control process.

Fewer rules and more choices for the company, Intel, at a huge plant.

Project XL is based on the premise, as President Clinton put it when he announced the project a year ago, "that in many cases companies know their business a whole lot better than the Government does; that they understand how best to reduce their own pollution."

Intel, like other participants in the pilot program, had to agree that it would reduce overall pollution, involve local residents in the program and meet all the pollution limits set by existing laws before it was allowed to circumvent the specific, convoluted procedures set forth in regulations that govern discharges of water, emissions into the air and the handling of hazardous chemicals at its plant.

The negotiations with Intel took far longer than expected, and their conclusion, along with delays facing some of the other Project XL participants, has left some environmental groups unimpressed and some experts wondering whether the overall project will live up to its billing.

As the Intel project was approved today, a coalition of community, environmental and labor groups criticized it as a "sweetheart deal."

"Instead of delivering the President's promise of environmental performance superior to existing environmental laws, along with greater accountability to the community and workers, the Intel XL agreement allows Intel to expose its employees and the communities of Chandler and Phoenix to increased toxic chemical hazards," said the group, which calls itself the Campaign for Responsible Technology. More than 100 labor and environmental activists signed the letter.

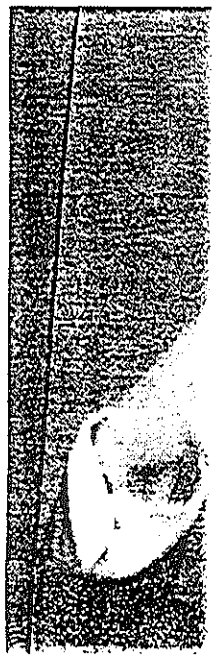
The objections are based on highly technical details of the controls to be imposed on emissions of hazardous air pollutants. Agency officials said they strongly believed that the new approach would reduce emissions of these chemicals, even though Intel to some extent will be able to trade one type of emission for another.

The environmentalists are concerned in part because, under its single, simple air pollution permit, Intel will be able to change manufacturing processes without continually getting new permits.

That is exactly the appeal of the new approach for the company, which competes furiously with other chip makers to replace each generation of chip with a new one every year or two. Its new deal with the E.P.A. translates directly into a competitive advantage.

Project XL has been welcomed by many corporate leaders, regulatory specialists, and members of Congress searching for new regulatory paths. Even so, criticisms are increasingly being heard, especially among lawyers and environmental advocates who have relied on the highly detailed strictures of existing rules to enforce pollution laws.

"Project XL has become a regulatory free-for-all," wrote Rena I. Steinzor, director of the Environmental Law Clinic at the University of Maryland, in a recent issue of the Environmental Law Journal's News & Analysis.



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By TIM G

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