Independent Power Producers
of New York, Inc. (IPPNY)

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Gavin J. Donohue, *President &*
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Speaker Sheldon Silver
New York State Assembly
Legislative Office Building, Room 932
Albany, New York 12248

Dear Speaker Silver:

IPPNY and its members thank you for leading the New York State Assembly in controlling energy-related costs, taxes, and fees faced by the state's businesses and residents during this year's budget process. The Assembly's actions open doors to additional opportunities for beneficial outcomes for energy consumers and producers. As negotiations on a finalized budget proceed, we hope that you will agree with the New York State Senate to remove the governor's nuclear fee proposal and that you will rethink provisions of the Assembly's Budget Bills that would increase fees associated with power plant siting and that seek to appropriate funds from a program that does not yet exist.

We applaud the sections of the Assembly's Budget Bills that reject the following provisions from the Executive Budget proposal:

- Air Permit Fees (Part EE of A.9809-A), the increase of which would have raised costs by $19 million for businesses (including energy facilities) that are regulated under Title V of the Federal Clean Air Act

- Corporate Franchise Tax Increase Provisions (Part J of A.9810-A), which would have removed the capital base tax cap in the tax's calculation and stated that "the generation and distribution of electricity, the distribution of natural gas, and the production of steam associated with the generation of electricity are not qualifying activities for a manufacturer." The Assembly's deletion of these provisions avoids a tax increase of over $17 million on electric generating and pipeline companies

Nevertheless, as indicated in our letter to you a month ago, IPPNY continues to urge you to reject an $11.7 million fee on nuclear power companies (Part K of A.9806-B). The Director of the NYS Office of Homeland Security admitted in public hearing testimony that this fee proposal singles-out two companies in this state to pay for duplicative security services by the State Militia at nuclear facilities. As our letter stated, these companies already pay a substantial annual fee to support state and local government responsibilities for radiological emergency planning and preparedness for all hazards.

In addition, we ask you to abandon the following troublesome provisions of the Assembly's Budget Bills that were not part of the Executive Budget proposal or the budget resolution of the New York State Senate:

- Part KK of A.9809-B would re-establish fees for power plant siting applications at a higher level than those of the expired Article X Power Plant Siting Law, without actually re-establishing a power plant siting statute. The Assembly proposal would raise these fees by 66 percent for each project application. This fee increase would place a large upfront and unnecessary burden on companies willing to develop power plants in New York.

- Parts HH and QQ of A.9809-B seek to appropriate monies that do not yet exist, because New York's version of the Regional Greenhouse Gas Initiative (RGGI) has not yet been adopted and the rules for the unprecedented auction of allowances have not yet been established. As a result, the auction has not yet been conducted, and no revenues are available for appropriation by the Legislature. We already have expressed our opposition to Assembly Bills 7365 and 7366, yet those provisions now are included in the Assembly's Budget.

Again, we are grateful for your help so far, and we hope that we can continue to count on the Assembly's assistance to keep low the cost of energy production, thereby avoiding escalating costs for energy consumers and improving the state's economic vitality.

Thank you for your continued support.

All the Best.

Sincerely,

Gavin J. Donohue
President & CEO

Cc: Assemblyman Herman Farrell
        Assemblyman Kevin Cahill
        Assemblyman Robert Sweeney
        Assemblyman Adriano Espaillat
        Assemblyman Robin Schimminger