



there's no denying that new york's electricity costs are among the highest across the nation

According to the U.S. Energy Information Administration (EIA), the four States with the highest average retail price of electricity in 2009 were: Hawaii, Connecticut, New York, and California.

Much of this high cost is due to the fact that New York has relatively few indigenous energy resources as compared to other states. New York also is located at the end of pipelines for natural gas supplies making fuel more expensive.

Despite these challenges, **however**, New York's electric power producers have been holding the line on electric generating costs. In fact, according to New York's Independent System Operator (NYISO), 2009 average wholesale electric energy was the lowest it's been in 10 years.

The fuel-adjusted cost of wholesale power in New York fell 18% from 2000 to 2008.
(ISO RTO Council (ISO RTO) - State of the Markets Report 2009)

so why do your electricity bills
keep going up?



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NEW YORK STATE ELECTRICITY
CONSUMERS ARE

DROWNING

IN ADDED CHARGES
ON THEIR ELECTRICITY BILLS

NEW YORK ELECTRICITY CONSUMERS ARE DROWNING IN EXTRA CHARGES

that are added to the cost of **electricity** by the time it gets to your socket. The cost of producing electricity in New York is only a **fraction** of what you pay each month for the electricity you use in your home. On top of electricity **production costs** are multiple layers of additional costs beyond what you pay for transmission and distribution.

\$6.3
billion yearly

NYS & Local Taxes

Taxes add no value, but significant cost, to the electricity you are purchasing. During 2009, New York's electric industry paid **\$6.367 billion** in state and local taxes, assessments and fees. This figure is **\$853 million** higher than the industry paid in 2008.

These extra charges equate to **\$902.26** each household pays annually in taxes through power bills and include:

- Property taxes
- Sales and use taxes
- Gross receipts taxes
- Franchise and income taxes
- Environmental fees
- MTA payroll tax
- Temporary State Assessment (TSA) pursuant to Public Service Law section 18-a

\$807
million yearly

Program Fees

New York has a laudable record of being on the vanguard of environmental programs. However, during the past five years, New York State has gone overboard using surcharges to electric bills as a vehicle to fund the following programs.

\$175 Million

Systems Benefit Charge (SBC) - Funds programs on State's efforts to develop markets for energy efficiency, peak load, and outreach and education services, research and development (R&D), and low-income services.

\$95 Million

Renewable Portfolio Standard (RPS) - A program that seeks to increase the proportion of renewable electricity used by retail customers.

\$330 Million

Energy Efficiency Portfolio Standard (EEPS) - A program to reduce the amount of electricity used by New Yorkers.

\$213 Million*

Regional Greenhouse Gas Initiative (RGGI) - A program intended to reduce the amount of carbon dioxide emitted in the Northeast. *(*to date)*

Electric Generation

Generation produces the flow of electrons which create power and is the actual commodity you are purchasing. The cost of generation varies with fuel prices, but is lower in 2010 than it was in 2002.

WHAT CAN
BE DONE?

THE SOLUTION

- ❖ Support competitive electricity markets, with safeguards to ensure efficient and fair pricing for all, and avoid statutorily mandated market changes.
- ❖ Balance proposed expansion of environmental restrictions with the impact of such restrictions on the ability of existing business to continue operating and on the attraction of new businesses to the state.
- ❖ Impose a moratorium on new energy surcharges, levies, and assessments. Undertake a comprehensive state-wide review of energy efficiency, demand response and other programs to ensure their cost-effective coordination and implementation.
- ❖ Enact a fuel-neutral power plant siting law that does not establish environmental compliance standards and that includes reasonable limits on intervenor funding. Expand the supply of and infrastructure for natural gas and other instate resources.
- ❖ Leverage federal stimulus funds to the maximum extent possible, and exhaust federal stimulus funds before seeking additional funding from consumers. Repeal the TSA increase and avoid new energy taxes and assessments.
- ❖ In rebuilding New York's economy, legislators and regulators must pay close attention to the fundamental role energy pricing plays in the retention and attraction of economy-sustaining businesses and seek to aggressively reduce redundant and regressive regulation. Cumulative impact analysis should be applied to existing and proposed energy policies to determine how commodities such as electricity can be delivered to the economy while minimizing governmental complexity and cost.