

IPPNY Opposes Increased Fees Proposed by Environmental Groups Due to Energy Cost and Investment Concerns

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Contact:

Gavin Donohue or
Chris LaRoe
518-436-3749

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Albany, N.Y., 1/13/09 - The Independent Power Producers of New York, Inc. (IPPNY) praises Governor David A. Paterson for working with NYS Department of Environmental Conservation (DEC) Commissioner Pete Grannis to reject any proposals to increase permit fees for facilities (including energy facilities) that are regulated under Title V of the Federal Clean Air Act. It is evident that such a fee increase, which ultimately will be borne by New York's consumers, is imprudent given the dire condition of the state's economy. Yet, narrowly focused environmental groups are taking the unwise step of calling for potentially \$19 million in additional fees that ultimately will increase the financial weight on already overburdened energy consumers.

IPPNY's President & CEO Gavin J. Donohue stated that "IPPNY applauds Governor David A. Paterson for dealing with a difficult budget situation and realizing that imposing potentially \$19 million in additional air permit fees on the energy industry would impact prices consumers pay in a way that cannot be borne during trying financial times. The New York State Legislature has consistently and wisely decided that raising these air permit fees would yield unacceptably high costs for their constituents, and the proposal by environmental groups to increase energy costs this year is more unwise than ever."

At a time when New York State has committed to reducing business costs and energy prices, environmental groups mistakenly are urging the governor and the Legislature to do the opposite. This fee increase would exacerbate competitive disadvantages, such as high property taxes, faced by the impacted companies. Energy costs already are expected to rise from the governor's budget plans to cover the budget deficit with significant increases in taxes and fees (approximately \$967 million in the energy arena). The financial impact especially is harmful when coupled with the large cost impacts that will result from other existing requirements, which could translate into an over 16 percent cost increase for industrial energy consumers.

Policies put forth by the state during these critical financial times will determine, in large part, if needed investments can continue. Independent power producers have invested over \$10 billion to purchase, construct, and operate their facilities and well over \$30 million in their communities located throughout New York State. Additionally, they pay annual taxes of nearly \$300 million and employ more than 10,000 individuals across the state.

"The state needs to find alternative approaches for meeting the state's revenue needs, without increasing energy costs for consumers and hampering the ability of power producers to continue to make needed investment in reliable energy supplies. Increased fees clearly would have a chilling effect on future investment. It is essential that the Governor Paterson and the Legislature continue to balance the environmental, energy and economic needs of our state," Donohue concluded.

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The Independent Power Producers of New York, Inc. (IPPNY) is an Albany-based trade association representing the competitive power supply industry in New York State. IPPNY Members generate over 75 percent of New York's electricity using a wide variety of generating technologies and fuels including hydro, nuclear, wind, coal, oil, natural gas and biomass.