

Memorandum in Strong Opposition of A.8806 (Sweeney)

June 08, 2010

A.8806 (Sweeney) - AN ACT to amend the environmental conservation law, in relation to water withdrawal reporting and water withdrawal permits

The Independent Power Producers of New York, Inc. (IPPNY) is a trade association representing companies involved in the development of electric generating facilities, the generation, sale, and marketing of electric power, and the development of natural gas facilities in the State of New York. IPPNY represents almost 75 percent of the electric generating capacity in New York.

IPPNY opposes A.8806 (Sweeney). This bill would lower the threshold of water withdrawal levels that would be subject to a requirement for reporting to the New York State Department of Environmental Conservation (DEC) and to the associated reporting fee. The bill also would create a new mandate for certain entities that withdraw water to obtain a permit from the DEC and to pay a new substantial permit fee.

Indeed, any increased costs on energy production translate into increased costs for energy consumers, which cannot be borne during these trying financial times and when the state is seeking to improve its economic vitality and stabilize energy prices. The fees proposed by this legislation would exacerbate competitive disadvantages faced by the affected companies. The financial impact especially is harmful, when coupled with the large costs that already result from other existing requirements, and many of these mandates already have associated fees, which were raised substantially during last years New York State budget process.

In addition, independent power producers already pay annual taxes of nearly \$300 million. An important lesson to be learned from the current state economic environment is that state and local governments depend on the tax revenues and jobs created by the private sector. Increased fees have a chilling effect on future investment, and policies put forth by the state during these critical financial times will determine, in large part, if needed investments can continue.

IPPNY also has expressed repeatedly many significant concerns regarding the specific and cumulative impacts that arise from the layering of environmental requirements on the states electricity producers and correspondingly on the diversity of fuels used to manufacture electricity in a reliable and cost-effective manner. The layering of regulations and / or legislative requirements on top of each other, without the requirement of understanding the full cumulative effects, creates tremendous uncertainty, further jeopardizes necessary investment, and makes New York a less desirable investment environment than other states.

For the reasons stated above, IPPNY respectfully opposes the passage of A.8806 (Sweeney).