

## **Memorandum in Support of S.7707**

June 10, 2008

**S.7707 (O. Johnson) - AN ACT amend the state finance law and the executive law, in relation to authorizing the aggregate purchases of energy for state agencies, institutions, local governments, public authorities and public benefit corporations, the provision of related advice, consultation and incidental services to other entities and persons as a centralized building design and construction service and the provision of insurance and risk management services to public authorities and public benefit corporations**

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 supports the passage of S.7707**, because it expands opportunities for competitive procurement. The bill would allow monies of the NYS Office of General Services (OGS) to be used to provide centralized services to state agencies, political subdivisions, public authorities or public benefit corporations. Importantly, the centralized services would be expanded to include the purchase of electric energy, electric generating capacity, renewable energy and / or renewable energy credits from competitive power suppliers. OGS would have the option to procure electricity either from these competitive suppliers or the New York Power Authority (as provided by current law).

Electricity competition has contributed to New York's economic growth and provides the best route toward energy independence. Independent power producers play a vital role in New York's energy system. In fact, New York's system is often heralded as a national leader. Nearly fifteen years have passed since the transition has occurred from vertically controlled monopolies to a system in which private generators compete to supply and numerous companies vie to provide electricity to New Yorkers. The market has evolved tremendously, and results have left little doubt that competition has led to real, tangible benefits for both electricity consumers and employers in New York.

In addition, wholesale and retail electric markets will bring about and sustain the most competitive prices for consumers. Competition leads to better products and services. In the case of electricity, that translates to improved efficiency, greater reliability, an enhanced environment, and savings to the consumer. Study after study has shown that all of these benefits have resulted from New York's competitive electricity markets.

**For the reasons stated above, IPPNY supports S.7707.**