

## **Memorandum in Support of A.2162-A / S.8565**

June 18, 2008

### **A.2162-A (Galef) / S.8565 (Marcellino) - AN ACT to amend the general municipal law, in relation to expanding the products which may be purchased for public use**

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 A.2162-A / S.8565.** This bill allows municipal officials to purchase renewable energy resources at reasonably competitive prices, without restricting their choices. By mentioning the words "include but not limited to," the bill defines renewable energy resources in a manner that is sufficiently flexible to allow all resources to be eligible.

New York State's energy policy is to obtain and maintain safe, reliable, and diverse energy supplies, accelerate the development and use of renewable energy resources, and increase its energy independence, in order to promote the state's economic growth, to maintain the security of its energy supplies, and to protect its environmental values. New York's existing facilities are powered by a mix of fuels. As an extension of that fuel diversity policy, the state has committed to increasing renewable energy supplies. This legislation provides municipalities with the necessary flexibility to help accomplish that goal.

A diverse energy fuel portfolio protects the reliability of New York's energy system and provides benefits to consumers. In general, the electric system is less reliable if it becomes too dependent on any one fuel source. Allowing municipalities to purchase renewable energy resources supports existing energy producers and also sends the message to potential investors that the state recognizes the importance of including a variety of resources in its energy supplies.

The General Municipal Law currently requires that public product contracts be given to the lowest responsible bidder, yet Section 104-a of that law allows exceptions to be made in the case of purchasing recycled products, as long as those products are fairly cost-effective. It is consistent to allow similar exceptions for renewable energy resources, given their benefits. This approach also is contemplated by other sections of law. Among other provisions, Article 9 of the Energy Law allows municipalities to enter into energy performance contracts for purposes such as developing alternate sources of energy. In lieu of any other competitive procurement or acquisition process that may apply pursuant to any other provision of law, a municipality may procure an energy performance contractor by issuing and advertising a written request for proposals in accordance with procurement or internal control policies, procedures, or guidelines that the municipality has adopted.

**For the reasons stated above, IPPNY supports A.2162-A / S.8565.**