

Report Finds Relationship Between High NYS Taxes and Energy Rates

High Taxes Lead to Increased Costs to Energy Consumers

March 04, 2010

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Albany, N.Y., 3/4/10 - Independent Power Producers of New York, Inc. (IPPNY) today expressed their strong support of the Public Policy Institute's latest findings exposing how energy taxes contribute to high electricity rates for New York State energy consumers and further weaken the state's economy. Earlier today, the Public Policy Institute, the research affiliate of The Business Council of New York State, Inc. unveiled a new report, entitled Short-Circuiting New York's Recovery, How Energy Taxes Contribute to High Electric Rates in New York, which highlights the direct relationship between New York State's record high taxes on its energy industry and the subsequent increased cost passed on to consumers through their electricity rates.

The report found that in 2009, electrical generators and utilities in New York State paid more than \$6 billion in state and local taxes, assessments and fees, most of which were passed on to residential, commercial and industrial customers. That equates to more than \$500 million per month that government adds to New Yorkers' electric bills. An average electricity bill is 26 percent taxes and fees.

"This report further supports IPPNY's position that the state needs to find alternative approaches for meeting its 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," said IPPNY President and CEO Gavin Donohue. "I applaud the Public Policy Institute for their initiative and efforts to display the out of line tax structure that exists in New York and the resulting increase in costs that are ultimately borne by New York's consumers." He continued, "Although the report highlights the layering on of taxes by the state it is important to consider that New York's energy industry is subjected also to the layering on of additional non tax related regulations and fees that further exacerbates the negative economic impact on electricity consumers. The report paints a bleak picture of New York State's future if these policies continue."

The Public Policy Institute is a research and educational organization whose purpose is to formulate and promote public policies that will restore New York's economic competitiveness. The report released today, is available at the Public Policy Institute's web site at www.ppinys.org.

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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.