



# Independent Power Producers of New York, Inc. (IPPNY)

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**A.4459 / S.2730**

## **Memorandum in Strong Opposition**

April 10, 2006

**A.4459 (DiNapoli) / S.2730 (Marcellino) - AN ACT to amend the environmental conservation law, in relation to regulating the emissions of carbon dioxide by major electric generating facilities**

The Independent Power Producers of New York, Inc. (IPPNY) is a trade association representing more than 100 member 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 strongly opposes the passage of A.4459 / S.2730.** A New York-only carbon dioxide (CO<sub>2</sub>) control program would be duplicative and unnecessary. This bill would pre-empt the outcome of the ongoing Regional Greenhouse Gas Initiative (RGGI). The states participating in the RGGI have reached an agreement on a regional Memorandum of Understanding and are in the process of developing a Draft Model Rule. In rejecting a NYS-only CO<sub>2</sub> cap as a non-starter, Governor Pataki commenced the RGGI, which includes a stakeholder processes involving numerous participants at both the regional and New York State levels. The RGGI is a cooperative effort between New York and other Northeast states to establish a flexible, market-based cap and trade program for greenhouse gas emissions, starting with enabling generators to reduce CO<sub>2</sub> emissions from power plants. This Initiative is the appropriate forum for deciding collaboratively what approach might be taken to develop a regional program, which could be a template for a national program. This effort will decide what level of reduction may be appropriate, while maintaining energy affordability, energy system reliability, fuel diversity, job stability and a healthy economy within each of the participating states and the region as a whole.

Climate change is an international issue which requires more comprehensive solutions than New York may be able to provide. A NYS-only cap would create a competitive disadvantage for the State's generators, industries, workers, and consumers, without minimizing the overall effects of climate change. New York has among the highest electricity prices, which are a burden on energy consumers, especially businesses that are trying to create jobs or struggling to keep them. Any increase in the price of electricity or the fuels needed to generate electricity would exacerbate these economic burdens.

In 2003, the United States Senate rejected a bill that would require reductions at the national level, indicating that the Nation is not yet ready to control these emissions. The Energy Policy Act of 2005 encourages greenhouse gas intensity reducing technologies. Although IPPNY would prefer an international or national approach to addressing carbon dioxide reductions, a regional approach is the minimum acceptable mechanism, if it reduces climate change in a demonstrable and cost-effective manner.



In 2002, the Center for Clean Air Policy released a non-consensus report, which contained a suggestion for a CO<sub>2</sub> cap of 25 percent below 1990 emission levels by 2010. This report was not approved by the Members of the New York State Greenhouse Gas Task Force and is not an official work-product of that Task Force. This bill would require the Department of Environmental Conservation (DEC) to promulgate rules and regulations to reduce CO<sub>2</sub> emissions from generators by 25 percent below 1990 levels by January 1, 2009. This bill would accelerate the implementation of that controversial cap.

New York State power producers already are reducing the impact facility operations have on the environment. Since 1990, CO<sub>2</sub> emissions from electric generating facilities have been declining. In addition, the Environmental Protection Agency has adopted its Clean Air Interstate Rule to reduce significantly emissions of sulfur dioxide and nitrogen oxides, as well as its Clean Air Mercury Rule. The DEC is in the process of incorporating these federal requirements into its existing rules governing these emissions and already has adopted policies on fine particulate matter (PM 2.5) and on environmental justice. Also, the New York State Public Service Commission and the New York State Energy Research Development Authority are implementing the Renewable Portfolio Standard to increase the use of renewable energy sources.

IPPNY fully supports efforts to ensure a safe and healthy environment in New York; however, this legislation is an unnecessary measure because of the emission controls already being implemented in New York and at the Federal level and being negotiated at a regional level.

**For the reasons stated above, IPPNY respectfully opposes A.4459 / S.2730.**