



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

19 Dove Street, Suite 302
Albany, NY 12210
phone: 518-436-3749
fax: 518-436-0369
www.ippny.org

Gavin J. Donohue, *President &
Chief Executive Officer*

March 2, 2006

Speaker Sheldon Silver
New York State Assembly
Legislative Office Building, Room 932
Albany, New York 12248

Dear Speaker Sheldon Silver:

As you prepare the budget resolution for the Senate, I strongly urge you to reject the proposal in the Executive Budget to increase permit fees for energy facilities which are regulated under Title V of the Federal Clean Air Act. Part I of S.6459-A / A.9559-A would increase these fees from \$45 per ton of regulated emissions to as much as \$67 per ton and would establish a minimum fee of \$1,250 per operating facility.

This proposed fee increase would exacerbate competitive disadvantages, such as high property taxes, faced by the impacted companies. For example, one upstate company would be forced to pay over \$600,000 in additional fees! Many companies own more than one affected facility. This additional cost would reduce the ability of facilities to afford investments to improve the efficiency of their operations and to reduce air emissions.

Furthermore, given the nature of the State's permitting system, this increase has the result of a disproportionate impact on the power industry, as opposed to other industrial sources. However, according to the website of the NYS Department of Environmental Conservation (DEC), the majority of permits scheduled for review this year do not involve the power sector.

IPPNY and its Members appreciate that the Legislature decided against this fee proposal in the past, concluding that the DEC has sufficient ability to review these permits. As current permits expire, the DEC should have enough resources to renew these permits, since they were able to issue them in the first place. We urge you to reject this costly fee proposal again this year, in order to avoid increasing costs for energy production.

Sincerely,

Gavin J. Donohue

Cc: Assemblyman Farrell
Assemblyman Tonko
Assemblyman DiNapoli

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