

## Memorandum in Strong Support S.5908

May 29, 2007

**S.5908 (Wright) - AN ACT to amend the energy law, in relation to state energy planning; to amend the public service law, in relation to electric capacity procurement and siting electric generating facilities; to amend the environmental conservation law, in relation to making certain conforming changes relating to the siting of electric generating facilities; to amend the public authorities law, in relation to making provisions of law relating to the siting of electric generating facilities applicable to the power authority of the state of New York and the Long Island power authority; and to amend the state finance law, in relation to establishing the intervenor account**

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 strongly supports S.5908.** This legislation will re-authorize Article X of the Public Service Law, which is a key component of competitive electric markets. Article X, which expired almost 5 years ago and which governed the siting of major electric generating stations in New York, is vitally important to New York's future and the continued delivery of a safe, secure, and reliable supply of electricity for New York's consumers and businesses.

With the fierce competition for investment dollars in the competitive energy markets, it is important to send a strong signal to the financial world that New York is committed to developing new, efficient sources of electric generation. The New York Independent System Operator, which is the main entity responsible for the energy marketplace and helping to ensure a reliable electric system, notes in its 2007 Reliability Needs Assessment that southeastern New York will need significant quantities of new resources by 2011 in order to maintain the adequacy and reliability of the bulk electricity grid. On a statewide basis the need date is 2012.

Decisions to build power plants must be made with sufficient lead time to allow facilities to be financed and constructed in order to avoid power supply problems. Building these facilities is no small accomplishment and takes years. A facility needs to receive the necessary permits from state, and sometimes federal, agencies before financing for its construction can be obtained. Actual construction is a complex engineering process, and facilities cannot be built quickly enough once New York experiences a power supply shortfall.

Without a workable Article X and its procedural certainty, power companies will simply build plants in other states, and New York will increasingly rely on imported electricity to meet the state's need for power. However, there is a limit to the amount of power New York can import without jeopardizing the reliability of its electric system. Additionally, electricity imported from other states will not be generated under New York's strict environmental rules and may not be available on peak demand days when it is most needed.

**For the above mentioned reasons, IPPNY strongly supports S.5908.**