

Memorandum in Strong Opposition of Taxes or Fees on Fuels Used to Produce Electricity to be Paid by Consumers

June 25, 2010

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 opposes the inclusion of potential broad-based taxes or fees on fuels used to produce electricity, as these costs would be paid by all electricity customers during unprecedentedly arduous economic times.

Any increased cost of energy production translates into increased costs for all energy customers. This higher burden has the direct impact of making survival even more difficult for all New York State businesses and consumers and will further damage New York's sagging economy at a time when the state is seeking to improve its economic vitality and stabilize energy prices. Taxes and fees being discussed during negotiations on the 2010-2011 New York State Budget also would exacerbate competitive disadvantages faced by the affected companies and the consumers who use the electricity produced. The financial impact especially is harmful, when coupled with the large costs that already result from other existing requirements, and many of these mandates already have associated fees, which were raised substantially during last year's New York State budget process.

The enclosed pamphlet, entitled [New York State Electricity Consumers Are Drowning in Added Charges on Their Electricity Bills](#), provides additional details on the taxes and fees with which electricity consumers already are burdened, and they simply cannot be expected to pay more.

Specifically, independent power producers already pay annual taxes of over \$600 million.. An important lesson to be learned from the current state economic environment is that state and local governments depend on the tax revenues and jobs created by the private sector.

For the reasons stated above, IPPNY respectfully and strongly opposes the inclusion of any taxes or fees on fuels used to produce electricity or on any other energy resources within any legislation.