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# Independent Power Producers of New York, Inc.

April 8, 2005

Ms. Jaclyn A. Brillling, Secretary  
New York State Public Service Commission  
3 Empire State Plaza  
Albany, New York 12223-1350

Re: Case 03-E-0188 - Proceeding on the Motion of the Commission Regarding a Retail Renewable Portfolio Standard (RPS); and Case 05-M-0090 - In the Matter of the System Benefits Charge (SBC) III

Dear Secretary Brillling:

The Independent Power Producers of New York, Inc. ("IPPNY"),<sup>1</sup> a not-for-profit trade association representing the independent power industry in New York State, is replying to the New York State Public Service Commission's Notices Seeking Additional Comments (issued April 1, 2005) in the above-referenced cases. IPPNY provides the following comments, with respect to the potential impact of budget language, contained in Section 2 of Part I of Assembly Bill 6843 / Senate Bill 3669, on the RPS and the SBC programs.

The legislation requires the Governor's Executive Budget, beginning with the 2006-2007 State Fiscal Year, and each fiscal year thereafter to "provide appropriations for currently non-appropriated moneys received by the New York state energy research and development authority, under the direct oversight of the department of public service, related to assessments, collected for the purpose of funding public policy energy programs."

In describing the legislation, the Bill Memorandum for Assembly Bill 6843 / Senate Bill 3669 provides that "beginning with State Fiscal Year 2006-07, currently unappropriated funds collected for the purpose of funding public policy energy programs, including funds generated from the Systems Benefit Charge and the Renewable Portfolio Standard, will be placed on budget."

IPPNY is strongly concerned about unintended consequences for renewable energy contracts that will result from subjecting NYSERDA's funds, upon which contracts depend, to annual appropriation. Investment in new electric generating facilities has failed to keep pace with rising electricity demand in New York. Funds for renewable energy contracts are essential to encourage needed investment in the

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<sup>1</sup> IPPNY's members include more than 100 companies involved in the development and operation of electric generating facilities and the marketing and sale of electric power in New York State.

development of renewable generation to serve the State's electricity consumers. The legislation's requirement that these funds be appropriated annually will cast a cloud of uncertainty over the long-term revenue streams required to finance and construct these capital intensive projects. The legislation will chill investment in renewable facilities, since it would potentially disrupt the revenue streams upon which investors and developers are relying.

IPPNY urges you to ensure that this budget language does not jeopardize funding for renewable energy contracts or further hinder the ability of generators to commit investments in New York State.

Very truly yours,

A handwritten signature in black ink, appearing to read "Gavin J. Donohue". The signature is fluid and cursive, with a long horizontal stroke at the end.

Gavin J. Donohue  
President & CEO