

Energy Dumping Drives Resources Out of the NY Market & Discourages Others from Investing Here



By Gavin J. Donohue

Although numerous reports and studies recently have shown that New York's energy supply will be sufficient through at least 2020, New Yorkers must plan for the future. This plan should examine the resources available in-state to ensure self-sufficiency.

New York is fortunate to have a generation fleet that optimizes a broad spectrum of technologies and fuels, and does so while complying with the state's significant environmental rules and public policies. Private companies continue to invest in new, efficient generation – critical development that will lead to jobs and tax revenues - in addition to an even more reliable electric system.

Certain actions can put such investment at risk. New York operates in a competitive marketplace for energy and market signals are very effective for driving the location and timing of investment in new resources. The disruption of those signals, particularly through unwarranted government intervention, sends a chilling message to those entities considering investment in New York.

The latest example of this is the New York Power Authority's (NYPA) effort to artificially crash energy prices by importing unneeded capacity from New Jersey via a new transmission line. This project makes no economic sense, yet NYPA is pushing forward with its plans despite a potential multi-million dollar price tag to its customers.

More problematic is that NYPA is partaking in this classic "dumping" in an effort to crash the energy market in New York City. This cuts the legs out from under companies that have invested billions of dollars, pay millions in taxes, and employ thousands of workers.

While NYPA's efforts may result in the short-term lowering of prices, the medium - and long-term effect will be driving existing resources out of the market and discouraging others from investing. Furthermore, New York won't see a single additional job created, as the new transmission line will simply tap into New Jersey's resources.

Behavior like NYPA's cannot be allowed to stand and derail the benefits that have been provided to New York through the success of competitive energy markets. New York has the resources, workforce, and investment capability to generate its own energy without such interference.

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