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New York State Public Service Commission
Three Empire State Plaza
Albany, New York 12223

Dear Commissioners:

The Independent Power Producers of New York, Inc. (IPPNY), representing New York State's providers of electricity, respectfully submits this letter in Case 15-E-0302 regarding proposals under consideration by the Commission that would expand utility-monopoly ownership and operation of electric generation facilities in New York State. Additionally, IPPNY recommends that the Commission increase its utilization of competitive solicitations to construct and own new electric transmission, specifically in Upstate New York, which directly supports Governor Hochul's "all-of-the-above" energy strategy to strengthen grid reliability and protect ratepayers from rising electricity costs, as well as the state's economic development plans. IPPNY acknowledges that the comment period for this Case is closed, however, the information in this letter can still be found valuable to the Commission.

For more than 25 years, New York has harnessed the power of competition to drive down supply costs, insulate ratepayers from cost overruns, bolster grid reliability, and improve market transparency. Independent power producers have supplied the vast majority of the state's electricity, delivering substantial benefits to consumers and New York's economy. This letter explains why the competitive framework that has served New York well is uniquely suited to meet the state's current and future energy needs.

Demonstrated Success of Competitive Markets

IPPNY member companies currently supply approximately 75 percent of New York's electricity. Since New York transitioned away from utility-owned generation, consumers have benefited from 35 percent lower power supply costs compared to rates under the previous monopoly model.¹

Beyond cost savings, New York's competitive marketplace has driven:

- Significant emissions reductions and advancement toward climate goals.
- The creation of nearly 19,000 high-quality jobs across the state.
- Over 10 billion dollars in capital investments in generation facilities.
- Approximately 1.5 billion dollars in annual local property tax contributions.

The competitive model has also attracted substantial private-sector interest in building new generation in New York. At the end of 2024, nearly 75 gigawatts of renewable energy projects were in the NYISO Interconnection Queue. A recent analysis by FTI Consulting found that projects face building challenges, including supply-chain issues, higher costs, local opposition, and transmission constraints.

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These challenges, rather than a lack of interest from private developers, are slowing the development of new generation.

Supporting New York's Economic Growth and Growing Electricity Demand

New York is experiencing significant economic growth, particularly in Upstate communities where advanced manufacturing, semiconductor production, and other emerging industries are driving new demand for electricity coupled with New York's efforts to electrify its economy. With major employers like Micron investing billions in Central New York and other regions experiencing strong economic momentum, reliable and affordable electricity is essential to sustaining growth.

Competition yields the most efficient outcome where generation, backed by private investors, can provide flexibility in meeting this growing demand. The state's ability to attract and retain major employers will depend in part on confidence that the electric system can provide sufficient power at competitive and predictable costs.

Public Considerations Regarding Utility-Owned Generation

FTI's analysis, attached with this letter, confirms that utilities are unable to develop and deliver new generation capacity at lower costs or on faster timelines than private developers operating in competitive markets. Critically, when utility-owned generation projects exceed budgeted costs, a recurring problem, it is ratepayers who absorb the financial burden instead of project financiers.

Additionally, IPPNY's recent statewide polling of New York voters reveals that the public strongly opposes monopolies and a return to utility monopolistic control. Eight in ten New Yorkers believe the state should prioritize increasing competition to keep energy prices down. Over two-thirds of respondents concur that utility costs are already out of control, with 71 percent experiencing increased electricity bills in the past year. A clear majority of New Yorkers support maintaining New York's competitive electricity system.²

Breaking Utilities' Monopoly Over Transmission: Making Construction of New Transmission More Competitive, Transparent and Driving Down Costs for Ratepayers

New York will need substantial additional bulk transmission capacity, particularly in Northern and Upstate New York, to bolster reliability and achieve its climate policy objectives.³ Transmission development in New York remains largely insulated from this same competitive pressure, preserving utility monopoly structures. According to the 2025 New York State Energy Plan, 60 to 95 percent of Hudson Valley and Upstate New York utilities have transmission infrastructure that is more than 70 years old.³ Modernizing and replacing New York's aging transmission infrastructure will require substantial investment, and the empirical evidence supports using competitive procurement to advance transmission development.⁴ Findings include:

- Competitive transmission lines currently in service were developed faster than comparable incumbent projects in CAISO, MISO, SPP, and ISO-NE. Only in PJM have competitive lines taken longer to be planned and placed into service, and only by a few weeks on average.
- Incumbent projects across the country consistently finish well past their original in-service dates.
- The limited number of greenfield competitive projects in NYISO, MISO, ISO-NE, and PJM came in ahead of schedule.
- Although competitive solicitations require time to administer, they do not extend a facility's overall in-service date compared with a similar incumbent-built project. If policymakers are concerned about solicitation timelines, they should focus on reforms that streamline the process. Doing so would further strengthen the advantage of competitive transmission projects over incumbent-developed alternatives.

Further, FERC Order 1000 established the framework for competitive transmission development by eliminating federal rights of first refusal and requiring regional planning processes to consider public policy needs. In New York specifically, that framework enabled competitive solicitations to improve reliability and facilitate achievement of the state's energy goals. Three competitive transmission projects have had facilities in service since 2022. On average, these projects were placed into service ahead of the expected in-service date.⁴ This pattern is consistent with results seen in other regions.

In MISO, a 345 kV transmission project between Hiple and the Indiana and Michigan border was originally expected to cost 254 million dollars. Through competitive bidding, LS Power secured the project for 77 million dollars, a 70 percent discount that delivered 177 million dollars in savings to consumers.⁵ Separately, MISO selected Republic Transmission, an LS Power affiliate, to build the Duff-to-Coleman transmission line in Indiana and Kentucky in 2016. That project was completed ahead of schedule and below its cost cap in 2020, a track record MISO cited when it selected a Republic Transmission affiliate for an additional competitive project in 2025.⁶

On cost more broadly, competitive solicitations have driven savings across the country, even in cases where final costs came in higher than initial bids or estimates. Consistent cost increases during development suggest industry-wide factors that affect competitive and incumbent projects alike. Competitive projects often include in-service date commitments and financial penalties for late delivery, factors that regional planners consider when selecting among proposed projects.

IPPNY encourages the Commission to explore expanding frameworks that leverage competition for major transmission projects in New York moving forward. This policy is an essential pillar of the state's all-of-the-above energy strategy, accelerating clean energy integration, strengthening grid resilience, and safeguarding consumers.

New York's Competitive Marketplace Puts Consumers First

New York's competitive marketplace is designed to put ratepayers and consumer priorities first while encouraging investment, efficiency, and innovation in electric generation.

New York's wholesale electricity market is overseen by the New York Independent System Operator with an internal market monitoring department, in conjunction with an external, independent market monitor, Potomac Economics. Together these entities ensure New York's wholesale electricity markets operate transparently, fairly, and competitively through active oversight of market operations and enforcement of market rules.

These safeguards provide protection for consumers while allowing generation developers to compete based on cost, performance, and other factors. Competitive developers also bear the financial consequences when projects experience cost overruns, delays, or other development challenges, rather than automatically recovering those costs from ratepayers like the incumbent utility monopolies.

New York's Experience with Competitive Electricity Markets

New York has faced this choice before. More than thirty years ago, a small number of utilities owned the state's power plants and controlled service terms without meaningful competition, accountability, or market-based incentives to lower costs. By the mid-to-late 1990s, the limits of that monopoly model were clear, leading the state to comprehensively restructure its electric industry. For nearly three decades, private companies have developed and operated most of the state's electric generation resources through a competitive marketplace.

This competitive framework has improved operational efficiencies, benefited consumers, and attracted private investment while preserving oversight of transmission and distribution.

Looking Ahead

New York is experiencing unprecedented economic growth and electricity demand. The 2025 State Energy Plan projects annual electricity demand will rise by approximately 24 percent by 2040,³ while NYISO has identified semiconductor manufacturing, data centers, and electrification as major drivers of new load growth. Micron's planned \$100 billion investment in Central New York alone is expected to create more than 50,000 jobs⁷ and will require significant electric infrastructure to support the largest private investment in state history. Meeting this moment will require sustained investment, disciplined planning, and policies that attract private capital, protect consumers, and strengthen reliability.

Competitive generation must remain central, and a truly competitive transmission marketplace should be part of New York's all-of-the-above energy strategy. IPPNY welcomes the opportunity to work with the Commission to ensure New York's competitive market continues delivering reliable, affordable power while advancing the state's clean energy goals.

Sincerely,



Gavin J. Donohue
President & CEO

¹ FTI Consulting, analysis of New York's competitive electricity market, attached hereto as an exhibit to this letter. https://www.nyacpa.org/vs-uploads/pdf/1743101822_FTI_Competitive_Benefits_NY_FINAL_20250327.pdf

² Mercury Public Affairs statewide survey, commissioned by IPPNY, Feb. 23-26, 2026. <https://www.ippny.org/page/new-statewide-poll-new-yorkers-overwhelmingly-say-electricity-costs-are-out-of-control-reject-utility-monopolies-and-strongly-support-competitive-energy-markets-1093.html>

³ 2025 New York State Energy Plan, Volume I, Summary for Policymakers, Section 4.1 (aging transmission infrastructure and need for bulk transmission upgrades in Northern New York) and Section 3.6 (projected 24 percent increase in annual electricity demand by 2040). <https://energyplan.ny.gov/-/media/Project/EnergyPlan/files/2025-Energy-Plan/2025-NY-State-Energy-Plan.pdf>

⁴ "Need for Speed: An Analysis of Speed to Market and Cost Results of Competitive Transmission," R Street Institute. <https://www.rstreet.org/commentary/need-for-speed-an-analysis-of-speed-to-market-and-cost-results-of-competitive-transmission/>

⁵ Paul Gerke, "FERC order avoids \$4.9B in costs across 19 transmission projects," Renewable Energy World, April 30, 2026, citing data compiled by the Electricity Transmission Competition Coalition. <https://www.renewableenergyworld.com/power-grid/transmission/ferc-order-avoids-4-9b-in-costs-across-19-transmission-projects>

⁶ "MISO Awards LS Power Affiliate with Another Competitive Transmission Project," PR Newswire, July 30, 2025. <https://www.prnewswire.com/news-releases/miso-awards-ls-power-affiliate-with-another-competitive-transmission-project-302517808.html>

⁷ Governor Kathy Hochul, "From Promise to Progress: Governor Hochul Celebrates Major Milestone for Micron's \$100 Billion Investment in Central New York," New York State Governor's Press Office. <https://www.governor.ny.gov/news/promise-progress-governor-hochul-celebrates-major-milestone-microns-100-billion-investment>