



Department of  
Environmental  
Conservation

# New York Cap & Invest

## Equity & Climate Justice Roundtable

August 23, 2023

# Overview

- Climate Act and New York Cap-and-Invest (NYCI) overview
- Design considerations for DACs
- Stakeholder feedback highlights
- Other state considerations
- Consideration of feedback
- Modeling and analysis to support program development

# Climate Act – Overview

Carbon neutral economy, mandating at least an  
85% reduction in emissions below 1990 levels by 2050  
40% reduction in emissions by 2030  
100% zero-emissions electricity by 2040  
70% renewable electricity by 2030  
9,000 MW of offshore wind by 2035  
6,000 MW of distributed solar by 2025  
3,000 MW of energy storage by 2030  
185 TBtu on-site energy savings by 2025

**Commitments to climate justice and just transition**

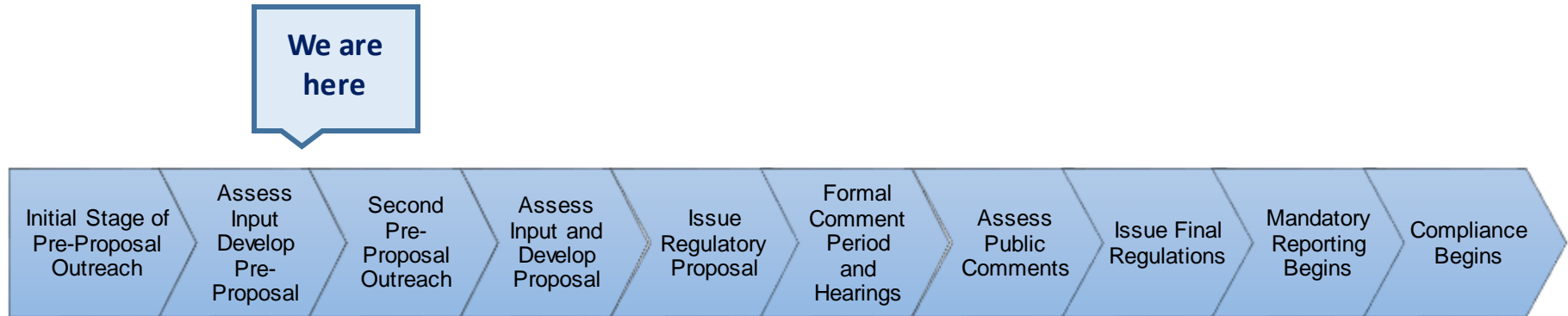


Department of  
Environmental  
Conservation

# Equity Consideration for Disadvantaged Communities

- The Climate Act directs that a minimum of 35% of proceeds—with a goal of 40%—be invested to benefit Disadvantaged Communities (DACs).
- In addition to investments to reduce emissions, DEC is soliciting feedback about any additional regulatory mechanisms in the NYCI regulation that should be considered to ensure emission reductions in DACs.
- The Climate Act requires that DEC's NYCI regulation not result in net increases in co-pollutant emissions or disproportionately burden DACs
- The Climate Act also requires DEC – and all agencies – to prioritize reductions of both greenhouse gas and co-pollutant emissions in DACs

# New York Cap-and-Invest (NYCI) Regulation Development Timeline



## New York's Cap-and-Invest Program – How it Works

Cap-and-Invest sets an annual limit on the amount of greenhouse gas emissions emitted in New York. Every year, the cap will be set lower to reduce greenhouse gas emissions.



Large-scale greenhouse gas emissions sources and distributors of heating and transportation fuels will be required to purchase or obtain allowances for emissions associated with their activities.



The Program will prioritize frontline disadvantaged communities that have suffered from pollution as a result of environmental injustice and will ensure emissions reductions.



Proceeds will minimize potential consumer costs while supporting critical investments in focus areas such as climate mitigation, energy efficiency, and clean transportation.

### Cap-and-Invest Guiding Principles:

- Affordability
- Climate leadership
- Creating jobs and preserving competitiveness
- Investing in disadvantaged communities
- Funding a sustainable future



Department of  
Environmental  
Conservation

# New York State Cap-and-Invest (NYCI)

The Cap-and-Invest Program was recommended by the Climate Action Council's final Scoping Plan and outlined in Governor Kathy Hochul's 2023 State of the State Address and Executive Budget.

DEC and NYSERDA are developing the program to meet the greenhouse gas emission limits and equity requirements under the Climate Act.

# Economywide Cap-and-Invest Program

- > At Governor Hochul's direction, the program will incorporate these guiding principles:
- *Affordability*: Craft a program to deliver money back to New Yorkers to ensure energy affordability
  - *Climate Leadership*: Catalyze other states to join New York, and allows linkage to other jurisdictions
  - *Creating Jobs and Preserving Competitiveness*: Protect existing jobs and support new and existing industries
  - *Investing in Disadvantaged Communities*: Ensure 35%+ of investments benefit DACs
  - *Funding a Sustainable Future*: Support ambitious clean energy investment

**Modeling and analysis will seek to evaluate policy choices in support of these priorities.**





# What we're hearing about from stakeholders

- Prohibit or limit emissions trading solutions
- Set caps with timetables
- Minimize cost, emissions and other impacts on DACs
- Ensure adequate investments
- Ensure emission reductions are verifiable & enforceable

# What we're hearing about from stakeholders

- Track GHG and co-pollutant emissions from all sources
- Provide transparent demonstration of emissions and investments
- Ensure Disadvantaged Community representation in oversight and program review
- Consider burdens and job impacts on businesses located in or near DACs



# What we're hearing about from stakeholders: Recommended Steps

1. Identify stakeholder groups
2. Establish robust communication
3. Implement target programs based on stakeholder feedback
4. Track and measure progress
5. Conduct regular reviews



# What we're learning from other states

## Washington State

- Ensure clear communication of emissions and expenditures
- A suite of policies is important
- Set expectations appropriately regarding timing of collecting allowance revenues and investments

## California

- Importance of public communication in various forms
- Provide clear system for regular and predictable evaluation
- Implement complementary programs



# Prioritizing DACs

- How to ensure emission reductions are prioritized in DACs while also:
  - raising revenue to adequately fund investments into DACs
  - keeping high quality jobs and businesses available within DACs
  - decreasing energy burden and maintaining reliability

# Potential Regulatory Provisions re DACs

Regarding allowance trading and DACs, the following are under consideration:

- Prohibit DAC sources from purchasing allowances from outside of the DAC.
- Set source specific caps on DAC sources (declining caps)
- Require DAC sources to surrender allowances at some multiple of GHG emissions rather than 1:1

# Complementary Programs

We heard from stakeholders asking the State to consider:

- Setting emission caps on sectors/industry or sources within DACs
- Developing other standards to reduce GHG emissions such as:
  - Fuel standards
  - Building standards
  - Transportation mode and demand standards



# Participation and Communicaton

We heard from stakeholders that disadvantaged community representation should remain part of the program through implementation.

- Keep the CJWG and other community advisory bodies involved
- Use a variety of communication styles (virtual, in person, recorded)





# Modeling & Next Steps

- June 20 webinar provided an overview of NYCI analysis inputs and methods
- NYSERDA and DEC will share an additional set of input cost assumptions used in the modeling.
- NYSERDA and DEC will develop complementary analysis on air quality/health impacts and workforce implications.
- We are interested in feedback and comment on analytic methods, modeling framework and coverage, and input choices being used.
- Analysis results will accompany proposed rule publication as part of the Regulatory Impact Statement.

# NYCI is still under development

We've reviewed:

- Highlights of what we've learned from stakeholder comments
- Other state experience highlights
- Cap & invest considerations with respect to DACs
- How engagement and communication should continue throughout the process

We look forward to continued work together

# Thank You

- Join the mailing list to receive updates on program development:  
<https://climate.ny.gov/email-list/>
- Meeting recordings and materials can be found at:  
[www.capandinvest.ny.gov/meetings-and-events](http://www.capandinvest.ny.gov/meetings-and-events)
- Provide feedback:  
Comments can be submitted online at:  
[www.capandinvest.ny.gov](http://www.capandinvest.ny.gov)

## Connect with us:

Facebook: [www.facebook.com/NYSDEC](http://www.facebook.com/NYSDEC)

Twitter: [twitter.com/NYSDEC](http://twitter.com/NYSDEC)

Flickr: [www.flickr.com/photos/nysdec](http://www.flickr.com/photos/nysdec)



Department of  
Environmental  
Conservation