

# New York Cap & Invest (NYCI)

*Stakeholder Outreach on Use of Proceeds*  
Climate Investment Account

September 19, 2024



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# Welcoming Remarks

# Meeting Procedures

- Attendees will not be able to unmute or turn on video.
- Attendees will be able to submit questions via the Q&A feature. Questions will be answered after the presentation and panelist discussion.
- If you can't hear the presentation, you can configure your audio settings by clicking the arrow in the "audio" box.
- You can turn on closed captioning for the presentation and change the language of the captions.
- This webinar will be recorded.



# Agenda

- Background on New York Cap and Invest
- Use of Proceeds from the Climate Investment Account
- Proposal for Input: Framework & Areas for Investment
- Moderated Discussion with Panelist
- Questions and Answers
- How to Submit Comments and Stay Involved



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## Provide feedback and submit comments:

online at: [www.capandinvest.ny.gov](http://www.capandinvest.ny.gov)

by mail to: New York State Energy Research and Development Authority  
Attn: NYCI Investment Planning  
17 Columbia Circle  
Albany, NY 12203-6399



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# New York Cap and Invest

# Climate Act: Overview

Carbon neutral economy, requiring at least an  
**85% reduction below 1990 level of greenhouse gas emissions by 2050**  
**and 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**



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# Climate Action Council Scoping Plan

## The Climate Act required issuance of a Scoping Plan to meet statutory emission limits.

- Published in December 2022, the Scoping Plan is the result of three years of diligent and inclusive work and builds upon recommendations from seven sector-specific Advisory Panels, the Just Transition Working Group, and the Climate Justice Working Group.
- Informed by a six-month public comment period on the Draft Scoping Plan, including 11 public hearings across the State and more than 35,000 written comments.
- Prioritizes climate justice, job creation, and public health benefits, as well as innovation and market-based mechanisms designed to reduce costs and to minimize emission leakage.
- Undertakes comprehensive cost-benefit analysis to show impact of interaction of strategies across sectors.
- Provides recommendations for both sector-specific and cross-sector actions to achieve the Climate Act's goals and requirements.



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

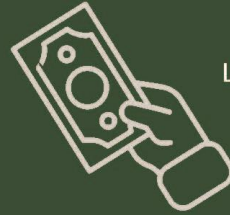
**The Climate Action Council's final Scoping Plan recommends – and Governor Hochul's 2023 State of the State Address and the Fiscal Year 2024 State Budget advanced – an economywide Cap-and-Invest Program.**

DEC and NYSERDA have been developing a proposal to help meet the Climate Act's requirements to reduce greenhouse gas emissions and advance equity – New York State Cap-and-Invest, or NYCI.

NYCI will work in concert with the State's suite of other climate change and clean energy programs and policies.

# 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 •

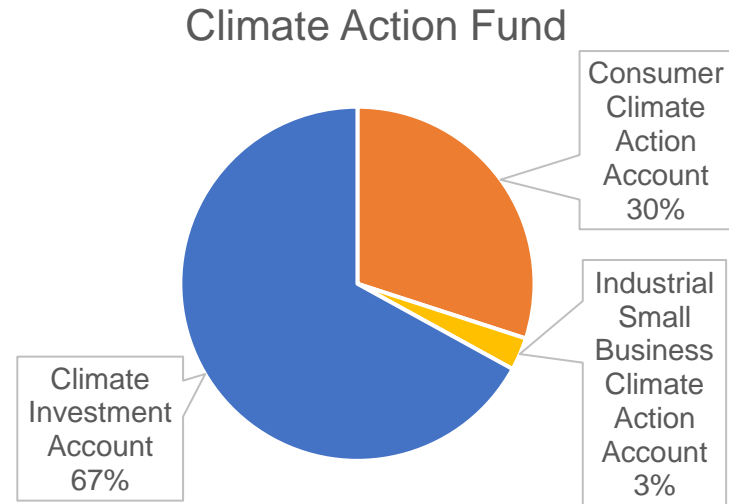
# Investment of Proceeds

# NYCI Proceeds Statutory Framework

**Overarching structure for investment of future NYCI proceeds established in the FY 2024 Enacted Budget.**

**The Climate Action Fund has three parts:**

- **Consumer Climate Action Account:** will deliver at least 30% of future NYCI proceeds to New Yorkers every year to mitigate consumer costs. *Climate Affordability Study delivered recommendations for the use of funds.*
- **Industrial Small Business Climate Action Account:** will direct 3% of future NYCI proceeds benefits to help mitigate cost.
- **Climate Investment Account:** will direct two-thirds of future NYCI proceeds to support the transition to a less carbon-intensive economy.



# NYCI Proceeds Statutory Framework: Climate Investment Account

**Per statute, funds from the Climate Investment Account will support the transition to a less carbon intensive economy, including for:**

- Purposes consistent with the findings of the Scoping Plan.
- Measures which prioritize Disadvantaged Communities (DACs) by supporting actions consistent with the requirements to maximize net reductions of greenhouse gas emissions and co-pollutants in DACs and investing 35% with a goal of 40% in DACs, identified through community decision-making and stakeholder input, including early action to reduce GHG emissions in DACs.
- Administrative and implementation costs, including auction support, program design, and evaluation.

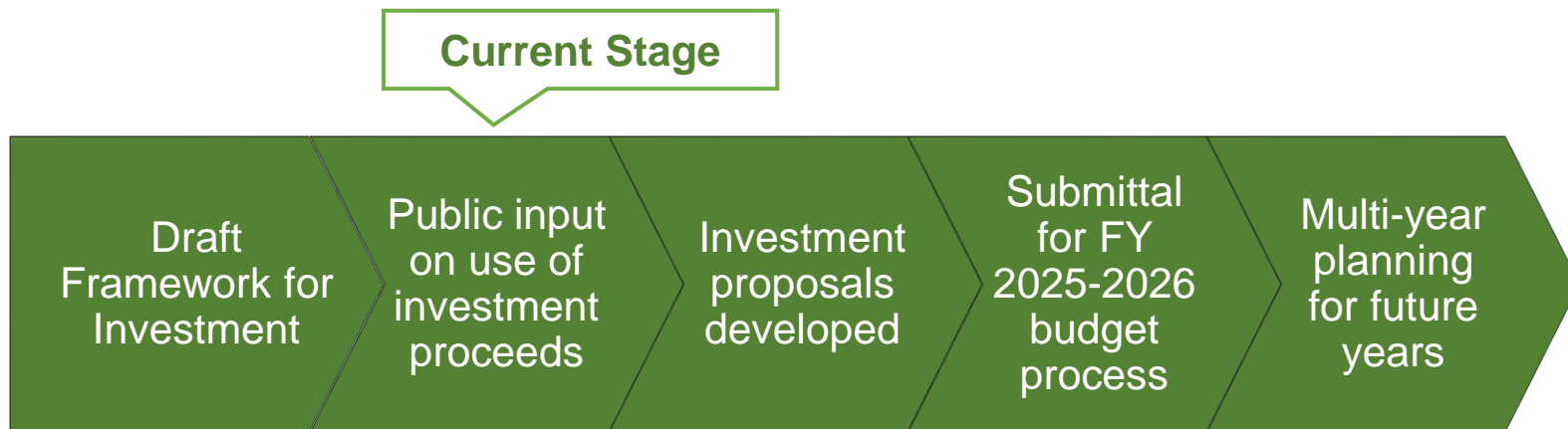
**Allocation of funds will be finalized through State Budget process.**



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# NYCI Timeline: Use of Proceeds Planning

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# Prior Public Input: Process

**As part of extensive stakeholder engagement since 2023, DEC and NYSERDA received thousands of comments about Cap-and-Invest implementation.**

Though the focus of outreach was on regulatory program design, **128 organizations and institutions submitted comments addressing the use of proceeds, equity, and/or affordability.** This included:\*

- 39 advocacy organizations
- 37 trade associations & 3 labor unions
- 35 businesses & 7 utilities
- 11 governmental bodies/authorities
- 3 think tanks

This feedback is summarized in the following slides.

*\*The total exceeds the number of unique commenters, as some commenters fell under more than one category.*



# Prior Public Input: Main Themes

## NYCI investments should:

### Advance the deployment of decarbonization technologies in key sectors & enable emissions reductions – e.g., via:

- Transportation electrification through investments in electric vehicles (EVs) & EV charging infrastructure (including fleets).
- Public transit enhancements & upgrades, especially in DACs.
- Decarbonization of residential & commercial buildings, incl. for “retrofit readiness” programs that support upgrades for health & safety / electrification.
- Industrial decarbonization, via incentives & RD&D of new technologies.
- Renewable energy, energy storage, & enhanced grid infrastructure to ensure reliability & resiliency.

### Support the clean energy workforce & prioritize labor protections – e.g., via:

- Workforce development & training, incl. wrap-around services & worker support to advance a just transition.
- Prioritization of entities / projects that guarantee labor protections, incl. union prevailing wages, labor peace agreements, use of apprenticeship & pre-apprenticeship programs, and priority hiring in DACs.

### Prioritize affordability & lower the cost of the energy transition – e.g., via:

- Strengthening of the Energy Affordability Program (utility bill discounts) for low-income New Yorkers.
- Affordability rebates for business & industry, incl. but not limited to rebates via the Consumer & the Industrial Small Business Climate Action Accounts.



# Prior Public Input: Equity and Affordability

## Commenters highlighted several specific challenges facing disadvantaged communities (DACs):

- **Air quality impacts** that pose threats to public health.
- **Vulnerability to price increases** for electricity, fuel, rent, and other expenses.
- **Structural and functional barriers**, incl. access to capital, and challenges associated with electrification/efficiency projects like split incentives between renters and landlords, or the need for safety repairs/upgrades before making energy improvements.

## Related to the previous slide, commenters suggested uses of NYCI proceeds that would specifically benefit DACs, including:

- **Energy affordability programs** (e.g., the Energy Affordability Program and the Consumer Climate Action Account).
- **The deployment of clean energy technologies** in DACs:
  - *Buildings*: heat pumps; “retrofit readiness” programs to remediate mold, bring electrical systems to code, and shore up structural weaknesses.
  - *Transportation*: public transit; electric vehicles (incl. buses and heavy-duty vehicles); public chargers/fast charging networks.
  - *Energy supply*: community solar; rooftop solar; energy storage.
- **Accelerated workforce development and training** in DACs, including reduced-cost or free tuition and priority hiring.

*Further feedback that specifically details how NYCI funds can benefit disadvantaged communities is welcome.*

# Proposal for Input: Framework & Areas for Investment



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# Guiding Principles for NYCI

At Governor Hochul's direction, NYCI will incorporate five 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 in New York.
- ***Investing in Disadvantaged Communities***: Ensure 35%+ of investments benefit Disadvantaged Communities (DACs).
- ***Funding a Sustainable Future***: Support ambitious clean energy investment.

**NYCI is being designed to deliver on all five principles.**



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# Introduction to Proposed NYCI Investment Framework and Investment Areas

Within the Guiding Principles for NYCI program design, DEC and NYSERDA are developing a draft framework to guide how Climate Investment Account funds are allocated. This framework would inform the identification of draft investment areas that NYCI proceeds will be directed toward.

**Public input is invited to refine the framework and to help identify and prioritize investment areas for the Climate Investment Account.**

## **NYCI Overall Guiding Principles**

*Set the core expectations for how NYCI will operate & benefit NYS.*

### **Investment Framework**

*Guiding priorities for how the NYCI proceeds in the Climate Investment Account are to be invested.*

### **Investment Areas**

*Sectoral or cross-sectoral areas that NYCI proceeds will be directed toward to support the transition to a less carbon-intensive economy.*



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# Proposed Investment Framework

## NYCI Guiding Principles



Funding a Sustainable Future



Investing in DACs



Affordability



Creating Jobs and Preserving Competitiveness



Climate Leadership

## Proposed NYCI Investment Framework

- **Fund investments that reduce greenhouse gas emissions and co-pollutants and sequester carbon**, driving progress on State climate goals consistent with New York's Scoping Plan findings.
- **Catalyze private investment** in decarbonization that leverages public dollars.
- **Support innovation**, especially in hard-to-decarbonize sectors.
- **Prioritize investments to advance equity and climate justice, improve air quality and health, and drive benefits to DACs**, ensuring that at least 35% with a goal of 40% of investments benefit Disadvantaged Communities.
- **Advance energy affordability** and help reduce transition costs through investments in energy efficiency and clean energy technologies.
- **Support the creation of family-sustaining jobs and economic development**, with direct funding for workforce development to advance a just transition to a less carbon-intensive economy for workers and communities.
- **Support policy-relevant research and program evaluation** tied to emissions-reducing projects.



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# Proposed Investment Areas: Sectoral



## Clean Transportation, Transit, and Mobility

Zero-emission vehicles & non-road equipment and electric vehicle charging & hydrogen filling infrastructure, with emphasis on medium- & heavy-duty vehicles & equipment to reduce air pollution in DACs. Public transit service enhancements & upgrades. Investments in clean mobility & smart growth.

*Illustrative early action(s) to benefit DACs: Funding for municipal & school bus fleet electrification in DACs.*



## Electric Grid Modernization

Innovation (research, development, & demos) for flexible resources & emerging zero-emission, dispatchable technologies to maintain grid reliability and resiliency.

*Note: Programs exist to procure resources toward New York's nation-leading large-scale renewables, distributed solar, and energy storage goals.*



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# Proposed Investment Areas: Sectoral



## Low-Carbon Buildings

Electrification, weatherization, & retrofit-readiness upgrades while modernizing safe, healthy, & affordable housing. Electrification & thermal efficiency upgrades in commercial & public / institutional buildings, with an emphasis on replicable demonstrations and benefit to DACs, small businesses, under-resourced schools.

*Illustrative early actions: Funding for weatherization, heat pumps, & energy-related health & safety upgrades in public housing and affordable housing. Assistance to food stores in DACs to transition to low global warming potential (GWP) refrigerants.*



## Low-Carbon Industry

Deep decarbonization via energy efficiency, electrification, & alternative fuels & feedstocks, with emphasis on replicable demonstrations and benefits to DACs.

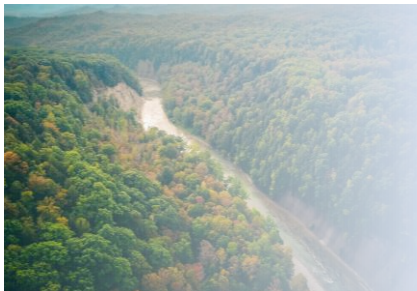


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# Proposed Investment Areas: Sectoral



## Agriculture and Forestry

Carbon sequestration through open space protection, afforestation, reforestation, urban forestry, wetlands restoration, soil health, agroforestry; improved nutrient & livestock management.

*Illustrative early actions: Cost-share equipment for historically underrepresented farmers to implement advanced soil health and nutrient management practices.*



## Waste

Organic waste recycling infrastructure (collection & processing); landfill gas capture & monitoring; fugitive landfill & wastewater methane reduction; and improved refrigerant disposal.

*Illustrative early actions: Funding for expanded organics recycling infrastructure in DACs.*



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# Proposed Investment Areas: Cross-Sectoral



## Workforce Development and Just Transition

Funding & financial incentives for workforce development & training, community support, and existing & new worker support in the transition to a low-carbon economy, coordinated via the DOL Office of Just Energy Transition.



## Economic Development in Low-Carbon Industries

Economic development incentives to grow clean technology supply chains & manufacturing in New York, informed by Regional Economic Development Councils to identify sites in DACs and places with strong potential for revitalization.



## Community-Directed Projects and Capacity Building in DACs

Enable emissions-reducing projects that meet local needs in DACs, identified through community decision-making and input, and while seeking to complement and leverage other NYCI investment areas.



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# Moderated Panel Discussion

# Q1. Feedback on Investment Framework

Do you have feedback on the proposed draft NYCI investment framework for guiding the use of NYCI proceeds from the Climate Investment Account?

## NYCI Guiding Principles



Funding a Sustainable Future



Investing in DACs



Affordability



Creating Jobs and Preserving Competitiveness



Climate Leadership

## Proposed NYCI Investment Framework

- **Fund investments that reduce greenhouse gas emissions and co-pollutants and sequester carbon**, driving progress on State climate goals consistent with New York's Scoping Plan findings.
- **Catalyze private investment** in decarbonization that leverages public dollars.
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- **Prioritize investments to advance equity and climate justice, improve air quality and health, and drive benefits to DACs**, ensuring that at least 35% with a goal of 40% of investments benefit Disadvantaged Communities.
- **Advance energy affordability** and help reduce transition costs through investments in energy efficiency and clean energy technologies.
- **Support the creation of family-sustaining jobs and economic development**, with direct funding for workforce development to advance a just transition to a less carbon-intensive economy for workers and communities.
- **Support policy-relevant research and program evaluation** tied to emissions-reducing projects.

## Q2. Feedback on Investment Areas

Which investment areas (of those listed or otherwise) do you see as critical to receive NYCI proceeds through the Climate Investment Account?

- Overall, how might you rank the proposed investment areas, and why?
- What factors should inform NYS's prioritization of investment areas?
- Are there investment areas that NYS should consider that, while already addressed via regulation or other mechanisms, would still benefit from NYCI-funded investments to ensure or accelerate achievement or to secure other benefits?

### Proposed Investment Areas

- Clean Transportation, Transit, and Mobility
- Electric Grid Modernization
- Low-Carbon Buildings
- Low-Carbon Industry
- Agriculture and Forestry
- Waste
- Workforce Development and Just Transition
- Economic Development in Low-Carbon Industries
- Community-Directed Projects and Capacity Building in DACs



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## Q3. Feedback on Appropriate Interventions

Overall, what interventions do you see as critical to receive investment of NYCI proceeds through the Climate Investment Account?

- What funding needs do you see existing today that seem appropriate for NYCI?
- How should NYS consider costs relative to associated impacts and benefits? For example, should NYS orient investments towards lower-cost opportunities that produce faster emissions reductions or more difficult and/or expensive areas where emissions reductions might otherwise not be achieved or achieved more slowly?
- How should NYS balance funding for mass deployment of market-ready clean energy technologies vs. innovation to address the costs, feasibility, and access barriers for emerging solutions?



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## Q4. Feedback on Planning Processes

How should we approach the process for planning for the programming of NYCII proceeds through the Climate Investment Account?

- What kind of structures and processes should NYS employ to ensure stakeholder participation in the effective investment of these funds?
- What kind of structures and processes should NYS employ to offer increased certainty to market actors and program administrators regarding funding from year-to-year?
- The Scoping Plan and legislative direction for the use of NYCII proceeds places particular emphasis on community decision-making and stakeholder input for investments that prioritize Disadvantaged Communities (DACs), including early action to reduce greenhouse gas emissions and co-pollutants in Disadvantaged Communities. For community-directed investments in DACs specifically, what is the appropriate scale that enables a critical mass of funding and adequate administrative efficiency to effectively use these proceeds?



# Intermission

*A Question-and-Answer session will follow.*



# Questions & Answers

# Submitting Comments

## Use of Proceeds

[www.capandinvest.ny.gov](http://www.capandinvest.ny.gov)



### Uses of NYC Proceeds

As part of the Fiscal Year 2024 State Budget, Governor Hochul secured the creation of the Climate Action Fund for proceeds from the future sale of allowances through NYC auctions. The Fund includes three accounts, each with a specific purpose to help ensure that the Program is affordable for all New Yorkers, help industry and small businesses remain competitive as they decarbonize, bolster carbon reductions, and focus on benefits to disadvantaged communities, accompanied by strong labor standards to ensure the creation of high-quality jobs.

- The Consumer Climate Action Account** will deliver 30 percent of proceeds directly to New Yorkers each year to mitigate any consumer cost increases that could result from the NYC program. NYSERDA and DEC developed the [Climate Affordability Study \(CAS\)](#) in collaboration with the NYS Division of Budget, Department of Taxation and Finance, and Department of Public Service to consider how best to deliver proceeds to New Yorkers.
- The Industrial Small Business Climate Action Account** will deliver up to 3 percent of proceeds to support energy affordability for industrial small businesses.
- The Climate Investment Account** will invest 67 percent of proceeds in actions that support New York's transition to a less carbon-intensive economy. These measures will be guided by [New York's Scoping Plan](#) and the [Disadvantaged Communities Barriers and Opportunities Report](#), both of which can be found on the [Climate Act webpage](#).

### Climate Investment Account

#### Proposed Draft Investment Framework

Investments supported by the Climate Investment Account will be critical for accelerating an equitable and affordable clean energy transition and are an essential part of New York's Cap-and-Invest program.

DEC and NYSERDA are seeking public input on a draft investment framework to guide the allocation of these proceeds and identify areas for investment. Proposed investment areas include Clean Transportation, Low-Carbon Buildings, and Low-Carbon Industry as well as cross-sectoral areas such as Workforce Development and Just Transition and Community-Directed Grants and Capacity Building in Disadvantaged Communities.

#### Process



During an August 2024 webinar, DEC and NYSERDA presented a draft investment framework and potential areas for investment. Following the presentation, DEC and NYSERDA posed a series of questions to stimulate public input and held a question-and-answer session. For more information on the recent webinar, please visit the [Webinar](#) and [Event](#) page. The webinar presentation and recording will be posted online following the event.

#### Make your voice heard

DEC and NYSERDA welcome public input to help refine the proposed investment framework. Feedback on the uses of NYC Climate Investment Account proceeds will be vital to developing a portfolio of investments that will reduce emissions, aid the State's ongoing just transition to a clean energy economy, and deliver benefits to Disadvantaged Communities. DEC and NYSERDA have developed a template document to assist commenters in providing feedback on these investment topics (PDF). Feedback is welcome at any time, but is encouraged by September 30, 2024. Input received during [prior outreach](#) on NYC will also be considered.

#### Submit Investment Comments

While specific input is requested on the use of Climate Investment Account proceeds, DEC and NYSERDA continue to welcome feedback on the overall development of the NYC program.

#### Submit Comments

## Option 1: Online Form

## Option 2: PDF Template

**SUBMIT INVESTMENT COMMENTS**



# Thank You!

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