



2024 Cap-and-Invest Stakeholder Outreach Webinar 1 Summary

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DEC and NYSERDA are holding three webinars in January to discuss updates to the New York Cap-and-Invest Program (NYCI). The first webinar consisted of providing background information about NYCI and the policies that will help New York lower its emissions towards the Climate Act's targets. NYCI is in the second stage of pre-proposal outreach, meaning DEC and NYSERDA seek feedback from stakeholders.

NYCI is being designed to ensure that the five principles outlined in Governor Hochul's 2023 State of the State are delivered. These principles are affordability, climate leadership, creating jobs and preserving competitiveness, investing in disadvantaged communities, and funding a sustainable future. A feature of NYCI that will help ensure that expectations are met is the emissions cap, which sets a value of carbon and is complemented by various emission reduction programs.

NYCI works by setting an annual limit on the amount of greenhouse gas emissions in New York. Large-scale greenhouse gas emission sources and distributors of heating and transportation fuels will be required to purchase or obtain allowances associated with their activities. The state will auction these allowances, which can be traded and banked. DEC and NYSERDA have recognized concerns made by stakeholders, including:

- 1) How do we prepare for unexpected events?
- 2) How do we ensure the system is used as intended and not manipulated?

To prepare for any unexpected situations, there are functions of NYCI set in place for this reason. This includes setting price and emissions collars, which creates a price floor, an emissions containment reserve, a cost containment reserve, and a price ceiling. Additionally, to safeguard program integrity, NYCI includes provisions such as the prohibition of collusion, auction purchase and holding limits, and minimum hold times. NYSERDA will also engage in a professional independent market monitor to ensure program integrity.



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This webinar discussed the types of sources that create a burden in New York, including air pollution, electricity emissions, and transportation emissions. Through NYCI, these three sectors would be involved in programs to make them more environmentally friendly and align with New York’s climate goals.

Importantly, DEC and NYSERDA want to ensure equitable benefits are delivered and consider disadvantaged communities when designing NYCI. Important to note is that the Climate Act requires that NYCI does not result in net increases in co-pollutant emissions or disproportionately burden disadvantaged communities. Finally, the investment of proceeds from NYCI is essential for the program to succeed.

To access stakeholder meeting recordings and their materials, click [here](#). DEC and NYSERDA are actively seeking feedback, and comments on NYCI can be submitted online until March 1, 2024, at www.capandinvest.ny.gov