



**ACE NY**  
ALLIANCE FOR CLEAN ENERGY NEW YORK, INC.

## **Cap-and-Invest Stakeholder Feedback Session #1: DEC Pre-Proposal Stakeholder Outreach Overview of New York Cap-and-Invest.**

June 1, 2023

The DEC and NYSERDA are co-hosting a webinar series in which they are eager to share information about the New York Cap-and-Invest program as well as receive input from stakeholders. The first webinar was held June 1, 2023 and Jon Binder began the webinar by covering the process for the development and implementation of the Cap-and-Invest Program. He pointed out that this webinar is the start of the initial stage of pre-proposal outreach.

NY's Climate Action Council recommended an economy wide cap-and-invest program in the [Climate Scoping Plan](#), and DEC and NYSERDA are developing this program currently to set the state on the path toward a carbon neutral economy, meet greenhouse gas emission reductions, and reach equity requirements.

The program, following Governor Hochul's direction, will incorporate five main guiding principles:

- affordability,
- climate leadership,
- creating jobs and preserving competitiveness,
- investing in disadvantaged communities, and
- funding a sustainable future.

How will the program work? Major emitters of greenhouse gases (GHG), such as fuel wholesalers, will be required to purchase allowances for their emissions. This will incentivize these businesses to transition to low-carbon alternatives. The revenues raised through the sale of these allowances will flow to New York State, which will reinvest them. One third of the proceeds will go directly back to New Yorkers to address affordability, and the other two thirds will go to future projects and actions that reduce emissions.

The cap will set an amount of greenhouse gas pollution permitted to be emitted in New York each year. Each year that amount (*i.e.*, the cap) will decline, ensuring that the state is on the trajectory to reach at least 40% reduction in GHG by 2030 and at least 85% from 1990 levels by 2050, as is required by NY's Climate Act. The precise starting points and the rate at which the number will change have not yet been set and will be decided after research and extensive outreach to stakeholders.



Mr. Binder then explained that regarding a regulatory framework, the program will have has set three main parts: a DEC Mandatory GHG Reporting rulemaking (Part 253), the DEC Economywide NYCI Rulemaking (Part 252), and the NYSERDA Auction Rulemaking (Part 510).

After these principles of the program were put forth, Ona Papageorgiou, Chief, Mobile Source & Climate Change Planning at NYSDEC, spoke on the specific design elements being considered, including applicability and thresholds. Questions about regulatory definitions and thresholds for specific sectors like electricity, energy and trade exposed (EITE) industries, the waste sector, and hydrofluorocarbons were brought to stakeholders.

Mike Sheehan, Director of the Bureau of Air Quality Planning and DEC's Division of Air Resources spoke next. He focused on the allocation of allowances and the allowance cap. The DEC is looking for feedback on ways to allocate the allowances, and the rate at which the allowance cap should decrease. The DEC and NYSERDA are still in the process of developing a compliance process; they are asking for specific feedback on a variety of compliance questions.

The next speaker was Vlad Gutman Britten, Assistant Director for Policy and Markets at NYSERDA. In this section, the webinar focused on the rules for the auctions, i.e., the process by which pollution allowances will be sold. They are seeking input on what auction format should be used, a single round, or multi-round as well as what kind of information should be required for participants in the auction. to participate in the action. They are also soliciting input on market rules and whether any constraints should be adopted regarding trading of allowances.

The last speaker of the webinar was Nathan Putnam, an engineer for the Division of Air Resources. He asked the viewers to consider questions about emission reporting, like which source should be reported, how existing reporting systems can be used, and how often should reporting be required. Putnam touched on emission reporting in regard to wastewater treatment, fuel suppliers, HFCs, and natural gas infrastructure. The DEC is asking for input on this as well.

With that the first webinar in the series concluded. If you are looking to stay more informed on this NYCI, you can join the mailing list, find webinar recordings and other materials at [www.capandinvest.ny.gov/meetings-and-events](http://www.capandinvest.ny.gov/meetings-and-events), access all the questions posed in the June webinars, as well as provide feedback by submitting online comments at [www.capandinvest.ny.gov](http://www.capandinvest.ny.gov).