



Cap-and-Invest Stakeholder Feedback Session #5: Waste

June 15, 2023, by Lucy Mastrianni

DEC and NYSERDA hosted their fifth Cap-and-Invest Feedback Session with a specific focus on waste. The goal of all the June webinars has been to ensure all stakeholders are well-positioned and able to provide input and comments on the NYCI program and all its specific elements to ensure success. The first half of the webinar was spent reviewing the Climate Scoping Plan and the origin of NYCI. This information has been thoroughly detailed in the previous four webinars, [summaries](#) of which can be found on the ACE NY website.

Jon Binder, assistant commissioner for air and energy at DEC, reiterated a key point of the NYCI program, which is obligated vs. non-obligated emissions. This has been a point of confusion for many stakeholders as it is a relatively new and complex concept. New York's program is intended to cover all statewide emissions. All emissions, obligated and non-obligated, will be accounted for within the cap. This concept was initially proposed in Chapter 17 of the Climate Scoping Plan. Obligated entities will have to surrender allowances to the program to cover their emissions. Non-obligated emissions sources will have their emissions calculated and their allowances permanently retired on behalf of them by the state. A second step, which they are hopeful to hear from stakeholders on, is how to identify the number of allowances representing non-obligated emissions. Options include estimation, utilization of reporting emissions data, or a reconciliation process. Binder shared a collection of graphics and illustrations to help demonstrate this concept. Their commitment to equity and disadvantaged communities was re-stated.

Next, to address program development considerations, was Christopher LaLone, the director of DEC's Division of Air Resources. He reviewed the initial points for Cap-and-Invest and referenced air regulation programs in California and Quebec. He emphasized that while some elements are borrowed from other programs, NYCI will be custom-tailored to meet New York's specific requirements. The design choices to be made encompass applicability and thresholds, allowance allocation and auction, cap and allowance budget, program stability mechanisms, compliance, and enforcement, as well as reporting and verification.

LaLone then shifted his focus to the waste sector. Sources of emissions in the waste sector can include landfills, exported waste, waste combustion, and wastewater treatment. Some of the main questions they are looking for feedback on:

- How should the program account for landfills and waste exporters?



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- What considerations should be evaluated when designing applicability for waste combustion facilities?
- How should the program account for wastewater treatment facilities?

Mike Sheehan, director of the Air Quality Planning Bureau in DEC's Division of Air Resources, reviewed the details on allowance auctions. "Set asides" are expected to be incorporated for EITE sources, as well as allowances retired by the state to cover non-obligated sources and emissions. The allowance cap will align with the Climate Act's GHG limits. They are seeking input on determining the starting point and the rate at which the cap should decline.

DEC and NYSERDA are also focused on stability mechanisms for the program and seek feedback on using a Cost Containment Reserve and an Emission Containment Reserve. Additionally, stakeholders' input is valued for considerations related to banking provisions and adjustments. In terms of compliance, the duration of a compliance period, the frequency of allowance surrender by sources, and the time gap between reporting emissions and surrendering allowances are key questions they are seeking answers to. Decisions regarding stability mechanisms and compliance have not been made.

Nathan Putnam spoke on reporting design elements, part 253. Applicability and thresholds will need to be established for entities which are subject to the GHG reporting requirements. Various questions about what reporting requirements should look like and if and how other reporting programs should be involved were brought to stakeholders.

The following questions regarding waste were asked:

- How might U.S. EPA GHG reporting program methods be enhanced to inform this program?
- How should the program incorporate considerations of non-MSW landfills?
- How should the reporting system incorporate considerations for composting or digester facilities?
- What reporting systems could be utilized to inform considerations about reporting for waste exporters?

California's reporting rule was reviewed. Listeners were reminded that DEC is looking for input on what elements of California's system should or should not be included in NYCI's reporting requirements.

The webinar wrapped up with a question-and-answer section. Key takeaways were:



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- The second round of pre-proposal outreach will be more detailed and specific about potential design elements than the first round.
- July 1 is not a formal regulatory deadline for the submissions of comments. They will be accepting comments after that date.
- Part 252 is the Cap-and-Invest regulations, that includes the obligations and the requirement to obtain allowances. Part 253 will be the reporting rule that allows them to gather GHG emissions information.
- It is anticipated that many hospitals will be non-obligated, as many will be below applicability thresholds; they are seeking feedback for how to handle larger hospitals and their emissions.
- In order to emit a ton of GHG, an obligated entity needs to hold and surrender an allowance.

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, and access all the questions posed in the June webinars.