



Department of  
Environmental  
Conservation

# **New York Cap & Invest Program (NYCI)** **Contributing to our Energy Future**

**Symposium on Energy in the 21<sup>st</sup> Century**

**April 12, 2024**

**Gateway Center, SUNY ESF, Syracuse, NY**

**Jon Binder, Deputy Commissioner, Climate Change, Air Resources, and Energy**

# 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**

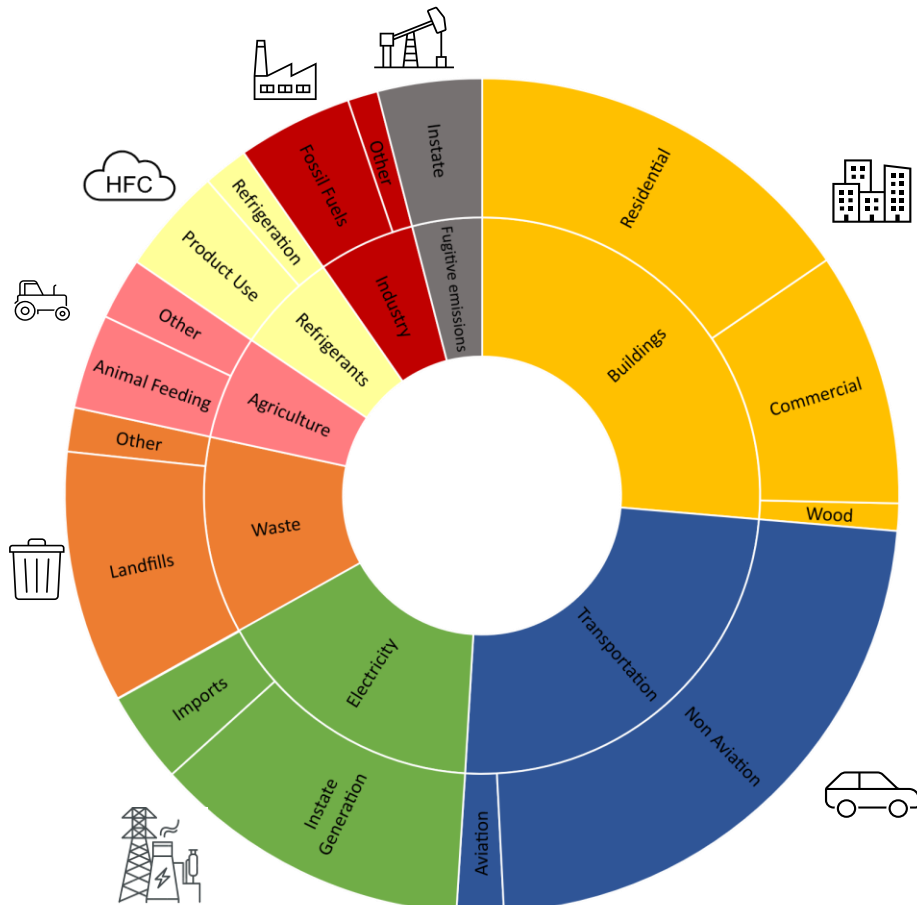
**185 TBtu on-site energy savings by 2025**

**Commitments to climate justice and just transition**



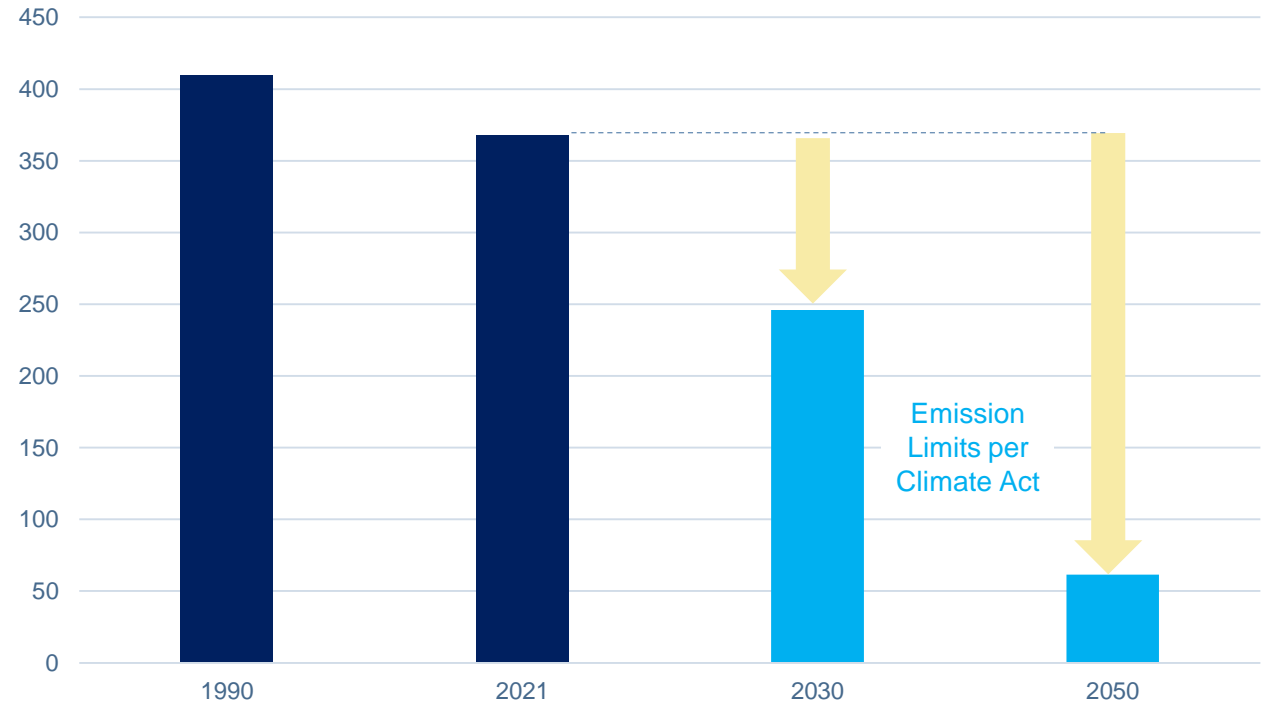
# Greenhouse Gas Emission Reduction Requirements

## Current Estimated Greenhouse Gas Emissions by Sector



2021 Calendar Year Emissions: Based on 2023 Statewide Greenhouse Gas Emissions Report.

## New York State Greenhouse Gas Emissions (MMtCO<sub>2</sub>e)



Sources: New York State Greenhouse Gas Inventory; § 496.4 Statewide Greenhouse Gas Emission Limits



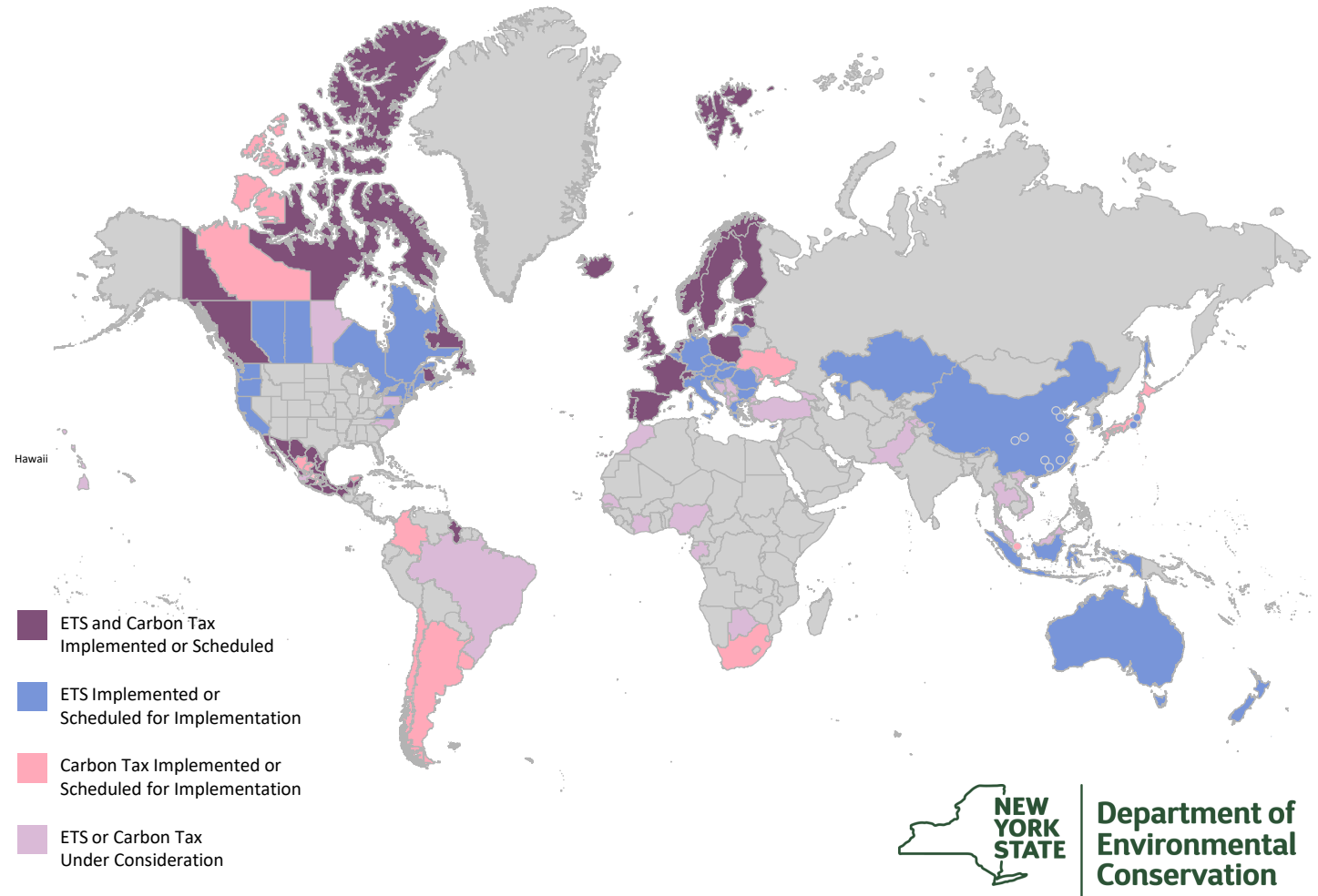
# New York State Cap-and-Invest (NYCI)

- The Climate Action Council's final Scoping Plan recommended - and Governor Hochul's 2023 State of the State Address and the FY 2024 State Budget advanced - an economywide Cap-and-Invest Program
- DEC and NYSERDA are developing a program to help meet the Climate Act's requirements to reduce greenhouse gas emissions and advance equity – NYCI
- NYCI will work in concert with the State's suite of other climate change and clean energy programs and policies

# The Scoping Plan and Role of NYCI

The 2022 Scoping Plan recommended a cap-and-invest system as the linchpin of the State's decarbonization strategy. This framework provides a variety of benefits:

- Emission reduction certainty, achieved via a cap
- Cost minimization, via efficient allocation of reductions across sectors where reductions are more affordably
- Revenue opportunities support incentives, investment, workforce development, and equity priorities
- Supports regional action and connected markets with neighbors, benefiting from collective action like in Regional Greenhouse Gas Initiative (RGGI)



# NYCI Guiding Principles

DEC and NYSERDA are developing the NYCI program to meet the greenhouse gas emission reduction and equity requirements of the Climate Act

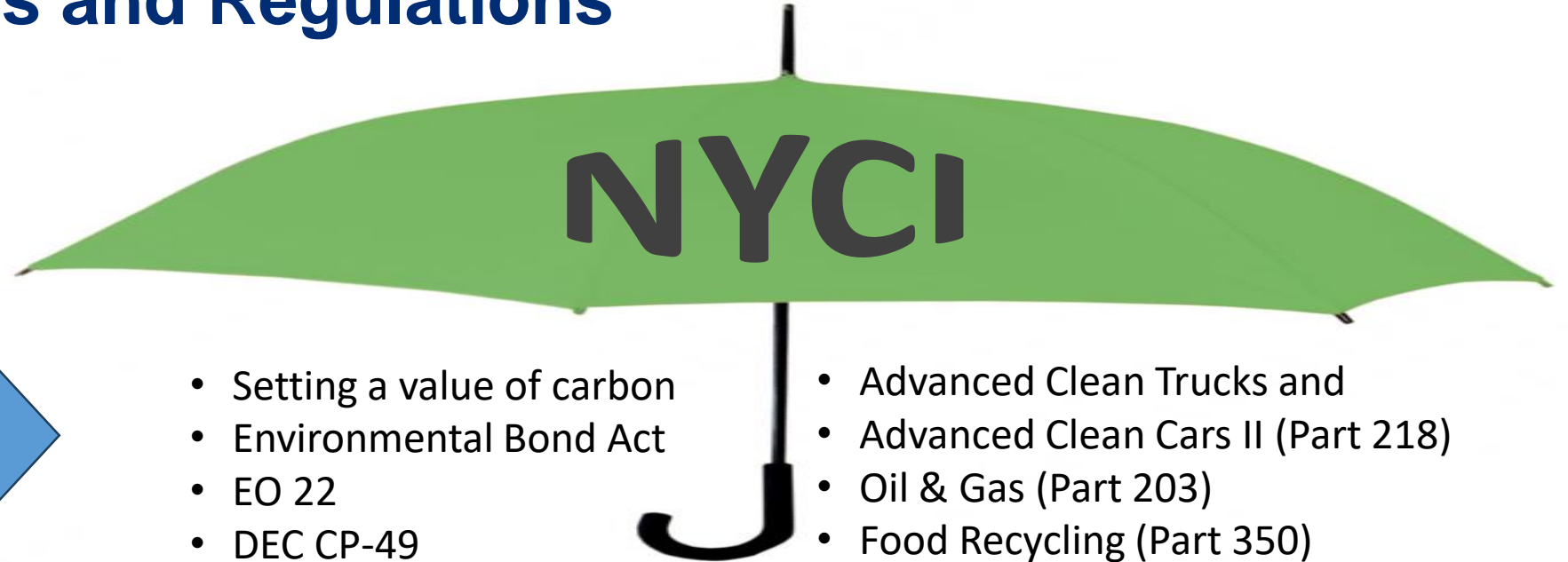
**At Governor Hochul's direction, NYCI incorporates these guiding principles:**

- *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



# NYCI as Part of a Suite of State Climate Policies and Regulations

The NYCI emissions cap helps to ensure that other programs deliver on their commitments and expectations



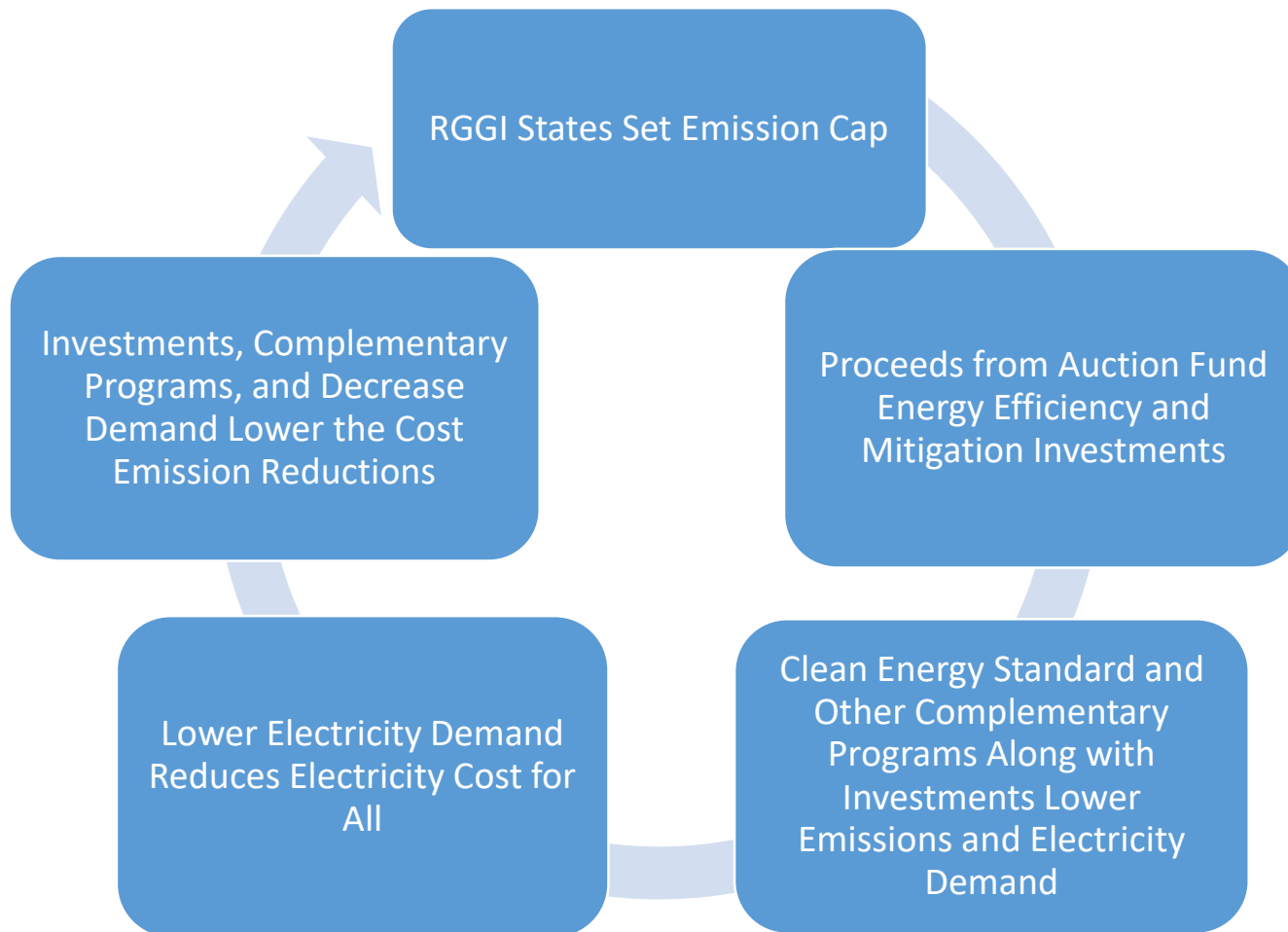
- Setting a value of carbon
- Environmental Bond Act
- EO 22
- DEC CP-49
- DAR-21
- DEP-23-1
- Well plugging program
- **Clean Energy Standard**
- Clean Energy Fund
- New Efficiency: New York
- Advanced Clean Trucks and
- Advanced Clean Cars II (Part 218)
- Oil & Gas (Part 203)
- Food Recycling (Part 350)
- Forest Land Taxation (Part 199)
- CO2 Emission Limits (Part 251)
- RGGI (Part 242)
- HFCs (Part 494) and proposed expansion
- SF6 (proposed Part 495)
- **Regional Greenhouse Gas Initiative (RGGI)**

And more....



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# RGGI Success Story Provides an Example



- RGGI is an existing cap-and-invest program for the power sector, in New York and other states
- RGGI works in collaboration with other programs and investments to ensure emission reductions
- RGGI achieved 50% reduction in NY CO2 emissions from 2005 to 2022
- Generated \$2.3 Billion in Proceeds Committed for Investments in NY

# 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

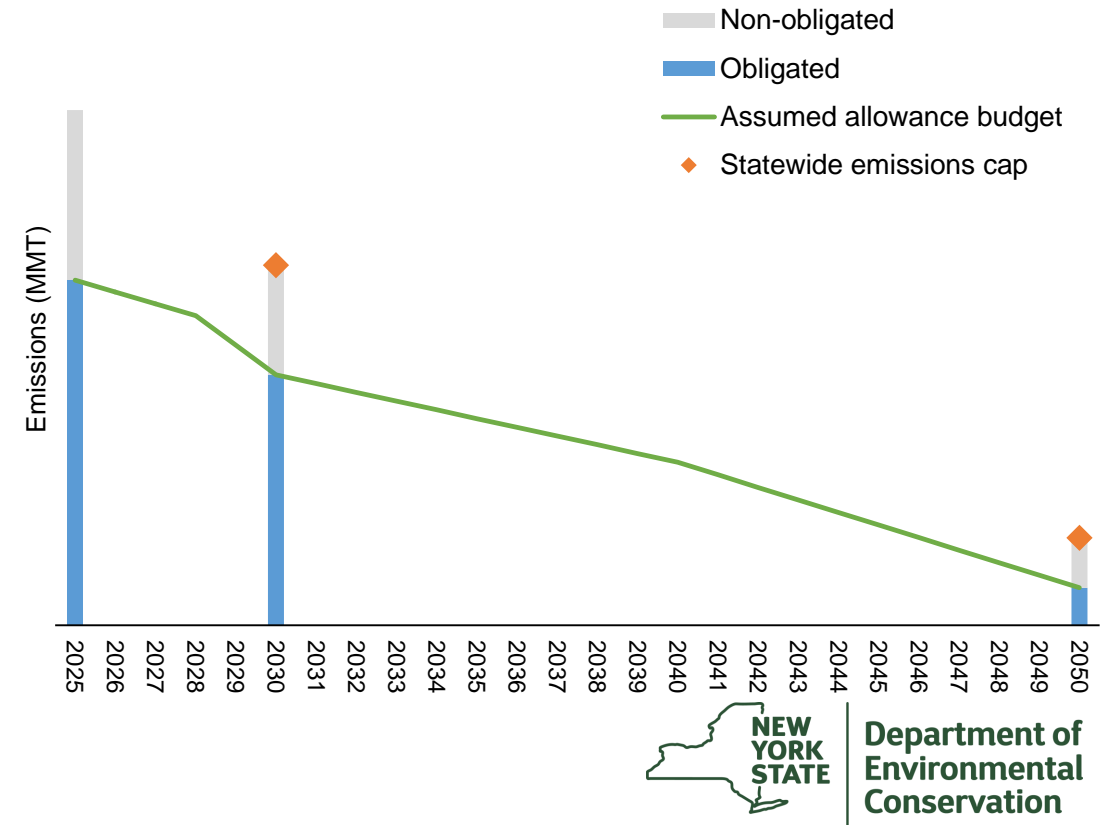
# Greenhouse Gas Emissions Cap Trajectory

NYCI Program will set an annual cap on the amount of greenhouse gas (GHG) pollution emitted in New York.

2030	245.87 MMT CO <sub>2</sub> e
2050	61.47 MMT CO <sub>2</sub> e

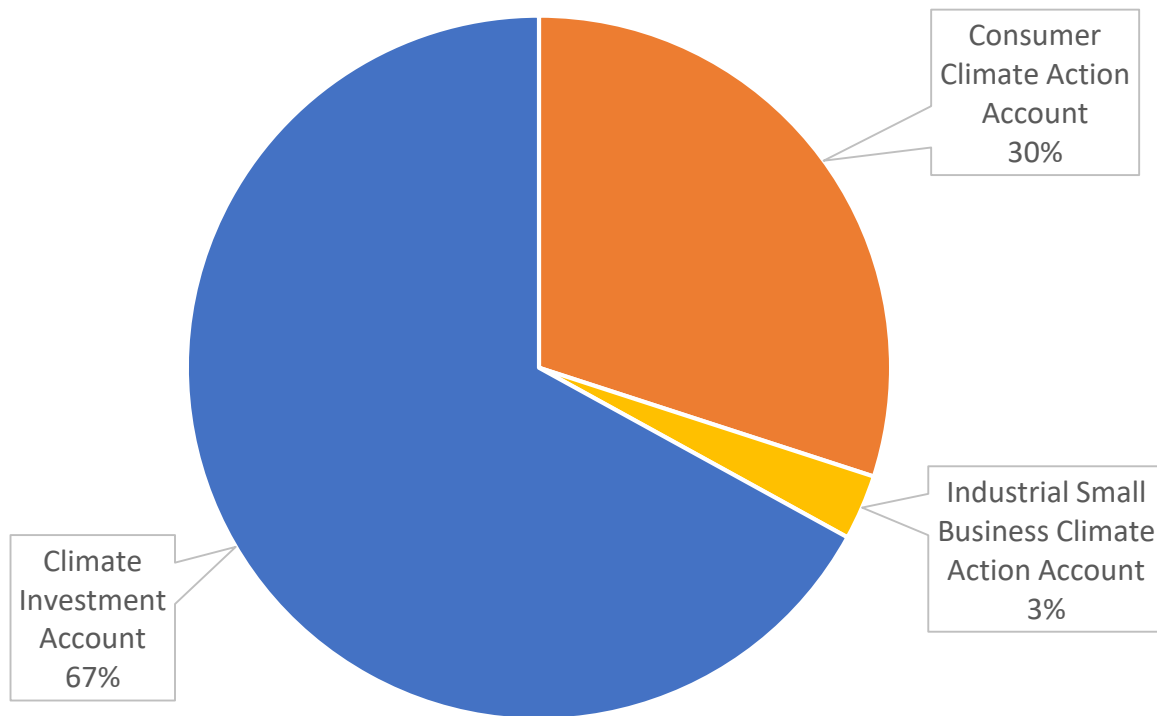
In concert with other State programs and investments, the declining NYCI cap helps lower emissions, setting the State on a trajectory to meet our GHG emissions reduction requirements, as mandated by the Climate Act.

Illustrative GHG emissions trajectory & allowance budget



# Use of NYCI Proceeds

## Climate Action Fund



→ At least 35% with the goal of 40% of NYCI investments must benefit disadvantaged communities

**Consumer Climate Action Account** informed by the Climate Affordability Study, will deliver 30 percent of future NYCI proceeds to New Yorkers every year to mitigate consumer costs

**Climate Investment Account** that will direct two-thirds of future NYCI proceeds to support the transition to a less carbon-intensive economy.

**Industrial Small Business Climate Action Account** that will direct up to 3 percent of future NYCI proceeds benefits to help mitigate cost

# Highlights of Projected Effects of NYCI

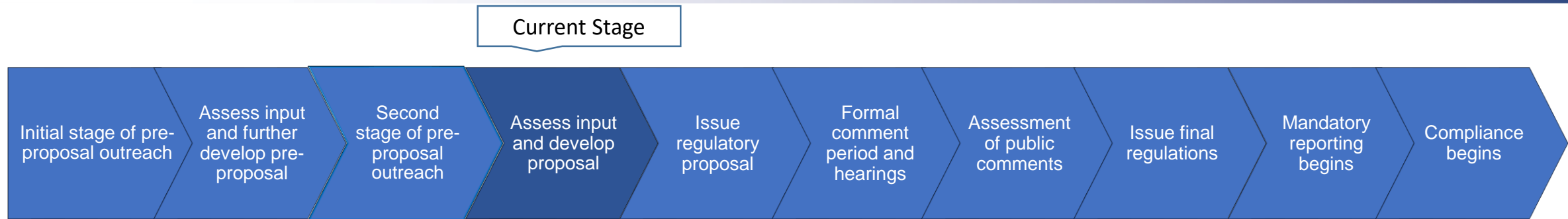
*Compared to currently enacted policies, modeling analyses conducted to evaluate the impacts of NYCI project a variety of benefits, including:*

- Accelerated progress toward meeting 2030 Climate Act GHG emission limit across all scenarios
  - Up to **39 million metric tons annual reduction in GHG emissions by 2030**
  - Complementary policies and market transformation would further accelerate emission reductions
- Reduced emissions, improved air quality, and substantial health benefits in all regions of the State, with even higher per capita health benefits in disadvantaged communities
- Total NYCI proceeds by 2030 projected to be between **\$6 and \$12 billion per year (\$4-8 billion available for investments)** and can be an essential contributor to clean energy transition
  - As one example, can lead to up to **1 million incremental heat pump homes** by 2035
- NYCI investments in clean energy combined with the affordability benefit payment will manage costs for a very large percentage of households, especially low-income households

**→ The affordability benefit payment, along with NYCI investments in clean energy, manage household costs, especially for low-income households**



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



## Three Main Regulatory Components

- 1) Mandatory Greenhouse Gas Reporting Rule
- 2) Cap-and-Invest Rule
- 3) Auction Rule

## Investment Planning Process



# Follow the Process

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) or to [nyci@dec.ny.gov](mailto:nyci@dec.ny.gov)

or by mail:

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NYS DEC, Division of Air Resources  
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# Thank You

**Jon Binder**

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