



**Climate Action
Council**

Economywide Strategies Subgroup Meeting 5

August 8, 2022

*Slides are created for discussion and do not
reflect any specific recommendation or opinion*

Workgroup Overview

- > This subgroup will provide further evaluation and guidance regarding the three economy-wide approaches identified in the Draft Scoping Plan.

Meeting 5 Agenda

- > Apply Criteria
 - Economic
 - Programmatic
 - Incorporating Multi-Jurisdictional Programs
 - Maintaining Administrative Simplicity
- > Summary of meeting takeaways & prep for Meeting 6

Level Setting Reminders

- > This is an invitation only subgroup.
- > Participation in all meetings is encouraged.
 - The team will be flexible to the extent possible.
- > State staff will be responsive to questions but not participate in the discussion.
- > Chatham House rule will guide our discussions.
- > Notes and presentations from the meeting will be posted to the website within one week.
- > Alternative options and perspectives will be considered should consensus not be achieved.

Workplan

Meeting Date	Meeting Focus
Meeting 1 – June 27 2:00-3:30 PM	Setting the Table for the Work Ahead/Refining and Prioritizing Criteria
Meeting 2 – June 29 9:30 – 11:00 AM	RFF Presentation/Identifying Further Clarity Needed
Meeting 3 – July 20 9:00 – 11:00 AM	Rationale Discussion/Finalizing & Applying Criteria (Emissions)
Meeting 4 – July 25 2:00 – 4:00 PM	Applying Criteria (Certainty and Sufficiency of Funding and Use of Proceeds and Consistency with Other Regulatory Programs; Equity)
Meeting 5 – August 8 2:00 – 4:00 PM	Applying Criteria (Economic; Incorporating Multi-Jurisdictional Programs and Maintaining Administrative Simplicity)
Meeting 6 – August 22 2:00 – 4:00 PM	Rationale Discussion/Incorporating Public Comment/Comparing and Contrasting
<i>Tentative</i> Meeting – August 29 2:00 – 4:00 PM	Meeting time held for additional discussion if needed
Meeting 7 – September 12 2:00 – 4:00 PM	Finalizing Recommendations



Applying Criteria

Today's Criteria Focus

- Economic
 - Price certainty
 - Mitigating risk of leakage
 - Supporting economic development and innovation
 - Maintaining affordability for consumers/businesses
 - Regional equity
- Programmatic
 - Incorporating multi-jurisdictional programs
 - Maintaining administrative simplicity

Economic Criteria

Application of Economic Criteria

Criteria	Carbon pricing	Cap-and-invest	Clean Energy Supply Standards
Price certainty	-Provides the most price certainty, which will facilitate greater business and investor confidence.	-Price can vary but there is greater certainty on emissions reductions as detailed above. -Mechanisms like RGGI's cost containment/emission containment reserves increase price certainty but reduce certainty of emission reductions	-Price of credits can vary. -Price ceilings can place an upper limit on prices.

*Previously presented by the State to CAC

Applying Criteria

	Cross-Cutting Design Features	Carbon Price Design Features	Cap and Invest Design Features	Clean Energy Supply Standard Design Features
Price certainty				

Polling

- > If NY State was able to adopt all of the design features as noted by the subgroup, which policy best meets the criterion?
- > This is not an official vote. This will inform future subgroup conversations.

Application of Economic Criteria

Criteria	Carbon pricing	Cap-and-invest	Clean Energy Supply Standards
Mitigating risk of leakage	<ul style="list-style-type: none"> -Could increase imports of products subject to carbon price, including electricity. -May raise cost of business in NY, causing business loss and emission leakage to other, more emission-intensive jurisdictions -Can mitigate by exempting energy-intensive, trade-exposed businesses from the price (which would limit emission reductions) and/or imposing border carbon adjustments, to the extent legally and technically feasible (e.g. for imported electricity) 	<ul style="list-style-type: none"> -Could increase imports of products subject to emission cap, including electricity. -May raise cost of business in NY, causing business loss and emission leakage to other more emission-intensive jurisdictions -Can mitigate by allocating free allowances, on an output-basis, to energy-intensive, trade-exposed businesses; including imported electricity within the cap, to the extent legally feasible; and/or participating in regional programs like RGGI. -Unlike exemption from carbon tax, allocation of free allowances does not allow more emissions, which are still limited by the cap. 	<ul style="list-style-type: none"> -May raise risk of leakage but more evaluation is needed to fully understand the dynamics because less carbon-intensive producers would benefit from the program, potentially increasing their output. -Partnering with neighboring states would reduce the risk.

*Previously presented by the State to CAC

Applying Criteria

	Cross-Cutting Design Features	Carbon Price Design Features	Cap and Invest Design Features	Clean Energy Supply Standard Design Features
Mitigating risk of leakage				

Polling

- > If NY State was able to adopt all of the design features as noted by the subgroup, which policy best meets the criterion?
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Application of Economic Criteria

Criteria	Carbon pricing	Cap-and-invest	Clean Energy Supply Standards
Supporting economic development and innovation	<ul style="list-style-type: none"> -Increases the cost of producing carbon-intensive goods, but supports the development of less carbon-intensive products and technologies. -Investments of revenues can support green economic development 	<ul style="list-style-type: none"> -Increases the cost of producing carbon-intensive goods, but supports the development of less carbon-intensive products and technologies. -Investments of auction proceeds can support green economic development 	<ul style="list-style-type: none"> -May be most effective in supporting private investment because the value of credits flows to entities generating the credits.

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Applying Criteria

	Cross-Cutting Design Features	Carbon Price Design Features	Cap and Invest Design Features	Clean Energy Supply Standard Design Features
Supporting economic development and innovation				

Polling

- > If NY State was able to adopt all of the design features as noted by the subgroup, which policy best meets the criterion?
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Applying Criteria

	Cross-Cutting Design Features	Carbon Price Design Features	Cap and Invest Design Features	Clean Energy Supply Standard Design Features
Maintaining affordability for consumers/businesses				

Polling

- > If NY State was able to adopt all of the design features as noted by the subgroup, which policy best meets the criterion?
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Application of Economic Criteria

Criteria	Carbon pricing	Cap-and-invest	Clean Energy Supply Standards
Regional equity	-Would need to consider and address disparate impacts in design of a program	-Would need to consider and address disparate impacts in design of a program	-Would need to consider and address disparate impacts in design of a program

*Previously presented by the State to CAC

Applying Criteria

	Cross-Cutting Design Features	Carbon Price Design Features	Cap and Invest Design Features	Clean Energy Supply Standard Design Features
Regional equity				

Programmatic Criteria

Application of Programmatic Criteria

Criteria	Carbon pricing	Cap-and-invest	Clean Energy Supply Standards
Incorporating multi-jurisdiction programs	<ul style="list-style-type: none"> -If any are developed, they could support reduce leakage and competitiveness concerns and also provide benefit of reduced emissions in other states -Could credit cost of allowances in other program towards cost in NY 	<ul style="list-style-type: none"> -Can reduce leakage and competitiveness concerns and provide benefit of reduced emissions in other states (while reducing certainty of reductions in NY) -Can credit cost of allowances in other program towards cost in NY or participate in multistate program for a particular sector -More precedent for multistate cap-and-invest programs 	<ul style="list-style-type: none"> -Can reduce leakage and competitiveness concerns and also provide benefit of reduced emissions in other states

*Previously presented by the State to CAC

Applying Criteria

	Cross-Cutting Design Features	Carbon Price Design Features	Cap and Invest Design Features	Clean Energy Supply Standard Design Features
Incorporating multi-jurisdictional programs				

Polling

- > If NY State was able to adopt all of the design features as noted by the subgroup, which policy best meets the criterion?
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Applying Criteria

	Cross-Cutting Design Features	Carbon Price Design Features	Cap and Invest Design Features	Clean Energy Supply Standard Design Features
Maintaining administrative simplicity				

Polling

- > If NY State was able to adopt all of the design features as noted by the subgroup, which policy best meets the criterion?
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Key Takeaways

Prep for Meeting 6

- > Monday, August 22; 2:00 – 4:00 PM
- > TBD – based on discussion progress today

Thank You!



**Climate Action
Council**