

Economywide Subgroup Meeting 6 Notes

Meeting Details:

- Date: August 22nd, 2:00 – 4:00 pm

Council Member Participants:

- Basil Seggos, Commissioner, New York State Department of Environmental Conservation
- Peter Iwanowicz, Executive Director, Environmental Advocates NY
- Anne Reynolds, Executive Director, Alliance for Clean Energy New York
- Gavin Donohue, President and CEO, Independent Power Producers of New York
- Hope Knight, Commissioner and President & CEO of Empire State Development
- Carolyn Ryan, Designee for Marie Therese Dominguez, Commissioner, New York State Department of Transportation
- Justin Driscoll, President and Chief Executive Officer, New York Power Authority

Meeting Agenda/Topics Covered:

- Subgroup members reviewed the high-level economywide themes from a subset of public comments reviewed to date.
- Subgroup discussion: prioritizing criteria for an economywide policy
 - Subgroup members were polled on the top five criteria they would prioritize as key considerations in the program's design.
 - The subgroup members prioritized maintaining affordability for consumers/businesses, price certainty, prioritizing emissions and pollutant reductions in DACs/Avoiding hotspots, affordability and avoiding regressive impacts, certainty of emission reductions, mitigating risk of leakage, and supporting economic development and innovation.
 - One subgroup member emphasized the importance of sending the right price signal to the market to avoid economic leakage.
 - One subgroup member highlighted the importance of balancing goals, including meeting emissions limits, equity, and generating revenue in an economywide approach.
 - One subgroup member noted that emissions reductions are already required under statute by the CLCPA, and thus suggested that equitable implementation should be the focus of an economy-wide policy.
 - A subgroup member suggested that price certainty can help encourage development and innovation of new technologies in New York State.
 - One subgroup member explained the prioritization of criteria that support statutory goals of the CLCPA, including emissions reductions, climate justice in Disadvantaged Communities, and minimizing leakage.
- Subgroup discussion: high-level design of an economywide policy
 - One subgroup member raised the importance of having a commitment to reinvest in Disadvantaged Communities.
 - Subgroup members discussed options for ensuring affordability, such as creating price containment mechanisms (e.g., cost containment reserve in RGGI) or directing proceeds

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to Disadvantaged Communities through a rebate or reimbursement program, while still sending a price signal.

- One subgroup member raised the importance of designing an economywide program that ensures Disadvantaged Communities receive at least 35%, with the goal of 40%, of overall benefits of spending on clean energy and energy efficiency programs.
- Subgroup members discussed the importance of price certainty.
 - Some subgroup members raised that price certainty is important for businesses to prepare and encourage investment in New York State.
 - One subgroup member suggested that price certainty can help drive administrative simplicity.
 - One subgroup member highlighted that price certainty in a carbon pricing mechanism can reduce regressivity.
- A subgroup member noted the importance of designing a program that lends itself to expansion, adoption, or coordination with other jurisdictions to mitigate leakage.
- Subgroup discussion: sectoral considerations
 - A subgroup member raised the question of how an economy-wide policy could apply to the waste sector and asked what challenges to measuring emissions exist.
 - Subgroup members discussed opportunities to use combined approaches to achieve emissions reduction goals in certain sectors.
 - A fee on waste generated rather than the emissions produced was noted as an example.
 - One subgroup member raised the importance of designing a program that focuses on the highest-emitting sectors.
 - One subgroup member raised the question of how federal regulation impacts the ability to apply a policy to jet fuel.
 - California's Low Carbon Fuel Standard's opt in mechanism was mentioned as an example policy that does not conflict with federal aviation regulation.
 - A subgroup member recommended prioritizing the highest-emitting sectors and excluding difficult-to-cover sectors in an economy-wide policy to advance the speed of implementation.
 - Some subgroup members emphasized the importance of designing a policy that incentivizes change and allows room for choice.
 - The subgroup discussed how an economy-wide policy should deal with electricity given RGGI and CES.
 - Staff explained that the cost of RGGI allowances could be credited towards the carbon price under an economywide approach. In Massachusetts generators covered by RGGI also have to obtain allowances under a Massachusetts program.
 - One subgroup member highlighted avoiding duplicative taxation as an important design consideration.
 - One subgroup member raised the importance of an economy-wide price signal but noted that approaches can differ between sectors.

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- One subgroup member noted that maintaining RGGI has benefits for regional coordination and prioritizing investment in Disadvantaged Communities.
- Subgroup discussion: clean energy supply standard
 - One subgroup member raised concerns about a clean energy supply standard being regressive and creating emissions and pollution hotspots.
 - One subgroup member noted that a carbon tax has the potential to create pollution hotspots without proper design considerations.
 - A subgroup member highlighted the ability to direct revenue as an important design consideration, further noting that a carbon tax is better positioned to do so than a clean energy supply standard.
 - Requiring utilities to invest the revenue they receive from a clean energy supply standard into Disadvantaged Communities with state oversight was identified as a potential design element to increase equitable implementation.

Key Takeaways:

- Subgroup members agreed to table consideration of a clean energy supply standard as an economywide policy and consider instead as complementary sectoral strategies.