**CAC Draft Scoping Plan Comments**

**Introduction**

We submit these comments on behalf of Citizens Climate Lobby NY (CCLNY).[[1]](#footnote-1) We have 22 Chapters and over 12,000 volunteer members in NY who work across the political spectrum to find common ground on climate solutions. We support the adoption of systematic and effective climate policy solutions. This includes a comprehensive strategy to reflect the true costs of burning fossil fuels, that also ensures no one is left behind in the transition to the clean energy economy.

CCLNY respects and appreciates the dedication and herculean efforts of the CAC, supported by the working groups, subgroups, and agency staff, for its robust public process to develop this thoughtful, wide-ranging and readable Draft Scoping Plan (Plan). The Plan presents a strong decarbonization roadmap based on a range of sector-based strategies, as well as identifying economy-wide strategies to set a price on GHG emissions, that could potentially put the state on a path to meeting Climate Leadership and Community Protection Act (CLCPA or Climate Act) goals.

The Climate Act represents landmark legislation that sets forth ambitious, but achievable, provisions and goals. While State Agencies and Authorities have made headway toward meeting the provisions and goals established by the Climate Act - much work remains. Similarly, the CAC has made headway identifying strategies toward achieving sector-based decarbonization - and, again, much work remains. As the Plan makes clear, meeting the Climate Act’s goals calls for an array of transformative, ambitious and innovative policies, strategies, regulations and incentives – many of which require legislative action.

Our comments and rationale are organized as follows:

* Support for Plan strategies that hold significant promise to reduce emissions at the scale and speed called for;
* Concerns with risks and challenges inherent in a Plan that is organized primarily around sector-based strategies; and,
* Recommendations to enhance and strengthen the Plan’s strategies, with a particular focus on economy-wide solutions, as well as opportunities for scale-up and outreach to inform/enable the broadest possible public engagement to assure we meet legally binding emission reduction goals.

**Support**

The Plan’s strategies are well thought out and the policies identified show real potential from a roadmap perspective. **The Plan appropriately emphasizes that the cost of inaction exceeds the cost of action - and that the health, justice and economic benefits of decarbonization are compelling.**

Among the wide range of strategies identified in the Plan, we’d like to highlight several that offer promise at the scale and speed needed.  These include strategies to move as rapidly as possible to modernize the grid and decarbonize electric supply, with substantial focus in downstate regions having the highest power demand and worst emissions profile.

Electric grid modernization and decarbonization is a cost-effective priority. When coupled with strategies to increase energy efficiency and conservation, plus load management solutions, this provides highly effective pathways to reduce energy requirements and emissions, along with moderating the need for expanded infrastructure. These strategies set the stage for large-scale, consumer and climate friendly electrification solutions (e.g., electric vehicles and heat pumps) in what are currently two of the state’s highest emitting sectors, i.e., transit and buildings.

We welcome and support the discussion in Chapter 17 as well as the establishment of a subgroup to further advance the discussion. **We strongly support the inclusion of a comprehensive, economy-wide price on GHG emissions as an essential means to drive broad-based and ongoing decarbonization statewide.**

**Concerns**

The sheer number of strategies identified for each sector presents substantial challenges in implementation.  We are especially concerned that the Plan’s numerous strategies are dependent on unprecedented increases in legislative action and agency actions on climate and energy policy. Given the wide range of issues that elected officials and their staff must attend to, and the limited extent of legislative action we have seen since the Climate Act was passed in 2019, this is likely an overly optimistic proposition. Adoption of numerous laws, regulations, policies and practices by the Legislature, state and local agencies, and non-government entities will take considerable effort to ensure they are coordinated and pursued effectively and in a timely manner. This is one important reason why we strongly advocate adoption of a relatively straightforward carbon fee and cashback program as an early foundation for all other strategies identified in the Plan.

The magnitude of strategies identified for each sector presents challenges and obstacles as far as coordination and integration within and between sectors and agencies.[[2]](#footnote-2) Orchestrating cross-sector and cross-strategy coordination and outreach across and within sectors and programs is a gargantuan task. **This piecemeal framework risks fragmented, ineffective, or delayed action in ramping up decarbonization, and also, importantly, in addressing environmental justice.**

NY’s two largest sectors for emissions are buildings and transportation. A keystone strategy for both of these sectors is to electrify them, converting homes to all electric, and electrifying all of ground transportation. Today the electricity sector pays a price on pollution of approximately $13/ton in the last RGGI auction, which is likely to go higher over the coming years. This price is not paid when using fossil gas, propane, fuel oil, or gasoline directly. We are concerned that this will create artificial headwinds pushing against the climate solutions we know we must implement to meet NY’s climate law.[[3]](#footnote-3)

**Recommendations**

The following discusses our recommendations to enhance and strengthen the Plan’s identified strategies. We urge expanded discussion and support for systemic, economy-wide solutions, bolstering scale-up initiatives and outreach, and other key strategies. The recommendations we offer are complementary to the Plan’s strategies and are intended to foster both rapid scale-up of decarbonization solutions and public engagement.

**Price GHG emissions**

Chapter 17 provides an excellent foundational discussion of economy-wide strategies to implement a price on GHG emissions. It is essential that this foundation be expanded to include close attention to several key elements, including: (1) appropriate protections for all low to-moderate income consumers, (2) tactics to limit risk of emissions and economic dislocation, (3) sufficient time for citizens, businesses and institutions to transition to low carbon solutions, and (4) unintended consequences of a GHG price solely in the electric sector. We believe that of the three pricing strategies proposed, a direct price on pollution, across all sectors, is both the most effective, and can be made the most equitable when coupled with carbon cashback payments to households.

A foundational feature of the Climate Act is that a minimum of 35% of benefits must go to disadvantaged communities. One critical way this can be supported is if the majority of revenues collected by a price on pollution were returned directly to low and middle income households as carbon cashback payments. These payments should come at least quarterly, and would be similar in nature to Covid relief checks issued by the federal government. Each household knows best the changes their particular circumstance needs, and a carbon cashback approach provides them the greatest flexibility in doing that. The remaining revenues could also help fund tax incentives for businesses and institutions to decarbonize their operations, and/or other innovative and high leverage decarbonization strategies.

Careful implementation of a price on carbon in the fossil fuel sector will also begin to level the playing field relative to the RGGI price in the electric sector. Without a similar price on carbon embedded in what fossil fuel consumers pay, recent and expected trends in RGGI allowance prices risks undermining existing and proposed strategies to incentivize electrification in the transit, buildings, and other sectors (potentially adding pressure to increase incentives to meet goals). At the same time, we also suggest a continued steady reduction in the generating capacity threshold for facilities subject to RGGI. Without RGGI applying to smaller facilities and a commensurate carbon price on fossil fuel, there is a growing risk of emissions increases via customers that choose power suppliers that skirt the requirements or by supplying part or all their electric supply through behind-the-meter fossil-based generation.

**To help minimize economic disruption or dislocation and provide time for consumers to transition to less carbon intensive energy sources, we recommend that a price on GHG emissions be extended beyond RGGI to the rest of the economy**.[[4]](#footnote-4) Combining this with strong outreach and lead time before implementation, this approach provides price certainty to help propel both supply and demand side decarbonization decisions, carbon cashback to most consumers, and help to alleviate risks of economic and emissions leakage. Many other strategies identified in the Plan are opt-in, influencing a smaller portion of the market and requiring additional funding for outreach and program administration. A price on GHG emissions would apply more broadly and consistently. Designed carefully, the impact of such a GHG price would grow over time in scope and magnitude of emissions reduced.

**Scaling Up Decarbonization Solutions**

In addition to an economy-wide price on GHG emissions, there is significant untapped opportunity to grow strategies to support and reward scale-up of decarbonization solutions at local and regional levels. There are regions, communities and neighborhoods motivated to be part of the clean energy future, but often lack the wherewithal to make it happen.

One example of scaling up is by raising the ambition and combining the best of the state’s current Energy Smart Communities Program and the Climate Smart Communities Programs. This should include support for continued improvement based on deeper levels of decarbonization (e.g. bronze, silver and gold levels), as well as for valuing increasing public/private coordination and integrated solutions such as planning for compact and transit-oriented development, efficient water and wastewater treatment strategies, community solar, LED street lighting, etc.

Whether at a local level or regional level, we urge more direct and widely available technical support for cross-sector aggregation initiatives such as Community Solar, Community Choice Aggregation, District 2030[[5]](#footnote-5) and distributed energy resource aggregations. Each of these aggregation options affords an opportunity to scale-up decarbonization, build local understanding and engagement, and grow economies of scale for cost-effective enablement and purchasing of low-carbon goods and services. We recommend that free and low-cost direct technical support be provided to locales, regions and aggregations that come together to develop such plans and commit to ambitious decarbonization goals.

Further, we urge integration of climate policies and incentives with market signals, including rate design[[6]](#footnote-6) and next generation utility planning processes.[[7]](#footnote-7) Efficiency-based incentives must concurrently propel participation in flexible load programs. We also recommend support for the NYISO to follow the lead of ISO-NE in establishing a Forward Capacity Market. [[8]](#footnote-8)These strategies serve to financially reward energy users and aggregations that reduce costly system peaks, increase grid resiliency and contribute to more efficient and reliable grid operations.[[9]](#footnote-9)

**Bolster Outreach**

The CAC has done an extraordinary job thus far in soliciting public input and inviting public engagement. As the final Plan is completed we urge that it includes increased emphasis on follow-through based on expanded outreach and transparency.

Transformative decarbonization solutions provide a slate of health, economic and jobs benefits. However, as with many issues, there is a risk that misunderstandings cloud these truths, or that that disinformation obscures these benefits. Confronting such challenges and meeting our state’s legally binding goals calls for engagement across business, government, institutions and civil society. We urge expanded and persistent outreach and community engagement to share overarching messages reflective of local and regional priorities and accomplishments. Such outreach can be shared broadly through combined community-based, local and regional aggregation initiatives (per above), job training sites, and Regional Economic Development Centers.

Outreach is more trusted when combined with increased transparency. And as we saw during the Covid pandemic, real-time dashboards become both north stars, and good ways for everyone to understand where we are at, and where we need to be. **We urge that the Plan include provisions for a real-time publicly accessible dashboard, with year by year targets to show progress toward meeting the Climate Act’s 2040 and 2050 goals, as well as interim 2025 and 2030 targets.**  This increased transparency must also include progress delivering benefits to disadvantaged communities, as well as progress toward other state climate goals (e.g Chapter 3’s State Leadership goals).

**Conclusion**

CCLNY appreciates the opportunity to share our support, concerns and recommendations. We believe that our recommendations, particularly those supporting an equitable and effective economy-wide price on carbon, is a crucial lever to strengthen the chances of success for each of the Plan’s strategies.

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1. CCLNY is part of a larger national and international organization - <https://citizensclimatelobby.org/> - working to build political will for a price on carbon that is equitable and effective. [↑](#footnote-ref-1)
2. While the plan appropriately identifies the need for strategy coordination within and between sectors, as well as outreach initiatives, we are concerned that the steps for addressing this are mostly conceptual. [↑](#footnote-ref-2)
3. In addition, without a cross-sector price on emissions, higher relative electric costs risk acceleration of trends in smaller scale fossil power generation (fossil plants below the RGGI limit and/or behind the meter fossil power projects) leading to increases in GHG and other emissions. [↑](#footnote-ref-3)
4. We recommend a relatively modest initial fee/ton with gradual increases over several years until it is at least on par with $/ton (e.g., three year rolling average) in the electric sector. We suggest a starting price in the range of $6-12 per ton, with gradual increases in the range of e.g. $4 - $6 per ton) [↑](#footnote-ref-4)
5. See: <https://architecture2030.org/2030-districts/> [↑](#footnote-ref-5)
6. See: <https://www.utilitydive.com/news/2022-outlook-a-new-recognition-is-coming-of-rate-designs-critical-role-in/611756/?utm_source=Sailthru&utm_medium=email&utm_campaign=Issue:%202022-01-19%20Utility%20Dive%20Newsletter%20%5Bissue:39205%5D&utm_term=Utility%20Dive> [↑](#footnote-ref-6)
7. See: <https://acadiacenter.org/wp-content/uploads/2021/11/AC_RESPECT_Nov2021.pdf> and <https://www.aceee.org/research-report/u2106> [↑](#footnote-ref-7)
8. See: <https://www.iso-ne.com/markets-operations/markets/forward-capacity-market/> [↑](#footnote-ref-8)
9. Utilities and public authorities must be part of the solution by rapidly expanding innovative climate-oriented planning, rates and incentives. Examples include leveraging the increasing market share of heat pump hot water heaters, nearly all of which come pre-packaged with flexible load functionality, by automatically enrolling new installs in appropriate demand response programs. Similarly, eligibility for EV incentives should include automatic enrollment in appropriate time-of-use or other innovative rate structures. Such provisions could include opt out provisions if necessary. [↑](#footnote-ref-9)