

Comments for the Climate Action Council,

First, I want to commend all the parties involved in creating the Climate Action Council draft scoping plan, and the devotion to public participation in the whole process. This level of public engagement in defining our clean energy future has been incredible, and I think unprecedented, and NYers should be proud of this effort.

I want to focus my comments on Section 17 of the CAC draft scoping plan, which looks at economy wide policies to help meet our needs. By any accounting, if NY only applies the sector specific recommendations, we will still fall far short of our goals.

Economy wide policies are critically important because they do a number of things. They send a market signal that will accelerate any sector specific policies. They put wind in their sails. They also catch what has fallen through the cracks when policies get implemented through several layers of entities. We see this today on demand response programs. During peak summer heat days, local colleges in the hudson valley get the call to reduce their energy usage to save the grid from having to fire up dirty peaker power plants. Those colleges typically just switch over to running diesel generators on site to provide their power, which is even worse from a greenhouse gas and air pollution perspective than if the grid had run peaker plants instead.

Of the three options proposed in Chapter 17, an economy-wide carbon price has the most potential to effectively fill the gaps and accelerate all other policies. A well designed carbon price will need to have 2 key attributes: a built in rising price that rises substantially faster than inflation, and a rebate system which sends a substantial amount of the money back to households.

Some of the key advantages of a carbon price is its predictability, which means that businesses in NY can plan for it. Planning means that both existing companies will use this to change their business in the future, and new companies whose clean energy products only are profitable when fossil fuels' true costs are accounted for. It will both spur existing companies to change, and new companies to come to NY.

A case study in NY is Dandelion Geothermal. A company working to innovate and drive down the price of ground source heat pumps. The NYSERDA program around funding Geothermal systems caused them to found the company in NY. It made it so they could close the gap on price so that customers replacing existing fully functional fuel oil systems, could finance a new Geothermal system, and immediately see a reduction in their heating costs. A steadily rising carbon price would have had very similar impacts, and NY will become the home to many more companies like this if we have one.

It is also worth noting that today NY has a carbon price, on certain producers of electricity, through RGGI. The carbon price has helped shut down coal power production in NY state. However, RGGI doesn't apply across all energy sources. For instance, if you want to repower a shut down natural gas plant to mine bitcoin, because that power is consumed fully on site, the

RGGI price does not apply. Also, in parts of the state where NYers get most of their electricity from Natural Gas powered plant, they are paying a carbon price on their electricity, but not on the natural gas they burn directly in their homes. This creates headwinds to switch to heat pumps, which are critical for our transition to a clean energy future. If the customer burns the natural gas directly, they don't pay the carbon price, but if they use electricity, which comes from natural gas, they to pay the added costs. The lack of a carbon price across all energy in NY also opens up the possibility of companies building products specifically to arbitrage that price difference, and use natural gas on site to make electricity, as again that bypasses the RGGI carbon price.

The last key question is the money from a carbon price, and how it would be used. A carbon price that is high enough to impact emissions will raise significant revenue. And in the short term, while we are a very fossil fuel dependent economy, will cause a rise in energy prices. We must use a substantial portion of this to make families whole in NY and reduce energy poverty.

The details of a carbon price matter in how it impacts both the economy as well as energy poverty. One piece of Federal legislation, HR2307 the Energy Innovation and Carbon Dividend Act, has been extensively studied. With a starting price of \$15 / ton, with a rise of \$10 / ton per year, and all that collected funds going back to households as a monthly rebate check, equal per person, it will give a larger rebate than the increased costs to about 70% of households, primarily low and middle income. This money in their pocket would allow them to take the most important actions for their situation, be that home insulation, a heat pump, an ebike, or anything else. It has the advantage of not dictating a local solution that makes the most sense for each household.

I strongly encourage the CAC to recommend a steadily rising carbon price, with substantial rebate (especially to low and middle income households) as part of the final plan.

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