

Economywide Subgroup Meeting 2 Notes

Meeting Details:

- Date: June 29th, 9:30 – 11:00 am

Council Member Participants:

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

Meeting Agenda/Topics Covered:

- Presentation by Karen Palmer of Resources for The Future (RFF) on Carbon Pricing
 - Covered lessons learned from literature review and policy design experience.
- Subgroup Discussion Following RFF Presentation
 - One subgroup member asked about the macro effects in Sweden, given that it has the highest carbon price globally.
 - RFF noted that research has not found an impact on GDP growth across Europe, inclusive of Sweden's policy.
 - The Metcalf and Stock paper that looked at macroeconomic effects of carbon prices in Europe was shared with the group:
<https://www.aeaweb.org/articles?id=10.1257/pandp.20201081>
 - One subgroup member asked about creating "no trade zones" for point-source polluters in Disadvantaged Communities. The subgroup member also asked about how trade restrictions would apply to mobile sources.
 - RFF identified option for preventing purchase of additional allowances outside the state/regulator for polluters located in Disadvantaged Communities.
 - RFF clarified that a trade restriction would likely apply only to stationary sources, and that generally mobile sources are covered through their fuel provider.
 - Subgroup members inquired about the benefits of participation by non-compliance entities in cap-and-trade programs.
 - RFF identified absorbing a portion of the risk faced by compliance entities as a benefit.
 - RFF noted that non-compliance entities can increase risk of market manipulation without proper safeguards. They emphasized New York could remedy this by setting limits of when allowances must be used (e.g., within 24 or 36 months) before being retired and reissued.
 - RFF also highlighted other states' holding limits for non-compliance entities.

Notes are intended to capture high-level discussion topics and do not reflect any specific recommendation or opinion.

- One subgroup member asked RFF about research on the application of alternative revenue-generation policies (for example a wealth tax) in other jurisdictions for climate investments.
 - RFF noted that California’s climate spending exceeds revenue from cap and trade and that the state supplements carbon revenue with general fund investments.
- Workplan and Next Steps
 - The subgroup meeting concluded with discussion of the workplan and next steps.
 - Some subgroup members emphasized the importance of recommending an economywide policy to the Climate Action Council for the final Scoping Plan.

Key Takeaways:

- There was strong interest among the subgroup in designing policy to prioritize the reduction of emissions and pollutants in Disadvantaged Communities.
- Subgroup members agreed to review criteria list revisions and provide feedback for discussion at next meeting.
- Subgroup members agreed that a core step of this subgroup should be to reach consensus on the criteria list, recommend whether an economywide policy or signal for the final Scoping Plan would be beneficial, and articulate the rationale for doing so.