

**Cross-Section Mitigation Subcommittee Meeting
7/20/23 Via Zoom
Minutes**

Attendees – CSMS

Rich Cowart, RAP, Co-Chair
TJ Poor, VT PSD, Co-Chair
Bramm Kleppner
Christine Donovan
Jared Duval
Johanna Miller
Liz Miller
Peter Sterling
Megan O'Toole
Gina Campoli

Attendees – Public

Annette Smith
Brian Woods
Cara Robecheck
Collin Smythe
Jane Lazorchak
Lena Stier
Jon Binder, NYDEC
Michael Sheehan, NYSDEC
Lois New, NYSDEC
Otis Elms-Munroe
Pike Porter
Robb Kidd

- 1. Meeting convened by Co-Chairs Cowart and Poor at 12:00 pm ET.**
- 2. Minutes of the CSMS Meeting on 6/15/23 were approved.**
- 3. Presentation on the New York State (NYS) Economy-Wide Cap and Invest Program**

<https://outside.vermont.gov/agency/anr/climatecouncil/Shared%20Documents/NYCI%20Slides%20for%20VT%20-%20072023.pdf>

Jon Binder, NYSDEC and Michael Sheehan, NYSDEC

- Jon Binder, Associate Commissioner of the New York State Department of Environmental Conservation (NYSDEC) presented a Power Point explaining where they are in program development, stakeholder engagement, and development of regulations for the NYS Cap and Invest Program now underway to meet the New York Climate Action Statute.
- This program is being developed consistent with a variety of existing clean energy and climate policies and regulations already in place in New York State (NYS) in addition to the recently passed New York Climate Action law.
- NYS is currently in Phase One of stakeholder engagement and early program design.

- Based on feedback during Phase One, the program approach and design will be further developed.
- Once that is completed, Phase Two of stakeholder engagement will be held beginning this fall.
- It is an allowance-based approach, the details of which (to date) explained in the Power Point
- “We would love to have VT participate as observers of our process.”
- “We would love for Vermont to participate in this program, should Vermont decide to in the future.”
- “There are third-parties participating currently including the Georgetown Climate Center and others.”
- “That’s is another way to follow-along the process over the summer.”

Q&A from CSMS

- Q - **Bramm Kleppner, Danforth Pewter** - If you expand to other jurisdictions (eg VT), will there be one common pool of emissions and one expanded jurisdiction? Would you need to meet both the regional target and your own state’s target? A – Ultimately, we as a state have to meet our state’s emissions estimates, as well as whatever the expanded jurisdiction targets would be. There are several ways to achieve this. Let’s talk about that.
- Q - **Bramm Kleppner, Danforth Pewter** – If VT was interested in joining, could we join for just one sector (eg transportation) but not all sectors? A – Maybe and we can talk about that further. We don’t yet know how to do that and we (NYS) have to be economy-wide because that is what our state statute requires.
- Q - **Jared Duval, EAN** – Re potential interplay between economy-wide approach versus sector-specific approach. Does your NYS Climate Act have any sectoral targets in addition to your economy-wide targets? A – NYS is not required under the law to have sector-specific targets. We are required to meet economy-wide targets. That said, we have already in place some sector-specific targets and are working already to meet those targets although they were not required by law.
- Q – **Gina Campoli** – How much money are you spending roughly to do this? A – I can’t answer that specifically. Our team at DEC is too small and need more people. We have received an allotment to help address this but it takes time to hire, etc. We are resource-constrained in terms of staff. Also relying very heavily on NYSERDA staff as well. Other states like CA and WA have larger resources. Per the statute, DEC is supposed to have this program in place in 2023 which is a very aggressive schedule. We are trying hard to meet that deadline but we may not.
- Q – **Gina Campoli** – Curious to know if NYSDOT is part of this and have they raised any issues? A – DOT was engaged in the Climate Planning Council. However, they are not doing the regulations, NYSDEC is doing that. NYSDEC and NYSERDA will be implementing the program, DOT will not. This program will generate allowance revenue that can be used for a variety of purposes, including potential replacement of DOT funds from transportation.
- Q - **Rich Cowart, RAP** – Who do you think the obligated parties will be for the fuels sector and for manufacturing? A – For stationary sources – thinking about a 25,000 tons threshold; keeping in mind different accounting they will be using. On the fuel side, we are drawing upon past work on this and using that as a starting point. The providers / distributors of fuel (not end users) will be the obligated parties. Still assessing the threshold at which we would capture the majority of those fuels. Some go as low as 0 gallons, we are assessing that. It gets pretty complicated.
- Q - **Rich Cowart, RAP** – Europeans were struggling with the fact that elasticity of demand varies among sectors, so price alone is not necessarily a good driver for reducing emissions. They discussed segmenting the trading system so that the barriers to change wouldn’t drive up the cost of carbon too much among various sectors. Have you considered the best way to address

that with your single cap approach? A – We are not currently planning to segment sectors. The vast majority of allowances we plan to auction, but we also assume some EIPE allowances may receive support from the state directly.

- Q – **Johanna Miller, VNRC** – How are you are thinking you will be able to make cuts in the non-obligated sectors. A – Through complementary programs and activities, just not through the CAP and Invest Program.
- Q – **Bramm Kleppner, Danforth Pewter** – What is your electric sector emissions target and how do you define “zero emissions”? A – The requirement exists in law in NYS that the electric sector must be at zero emissions by 2040. A proceeding is currently underway to determine how zero emissions is defined.

4. CSMS Discussion

After discussion in response to Co-Chair Cowart’s question, “What we might we do as a Committee?” below are the next steps agreed to by the CSMS:

- 1 The CSMS is asking the Climate Office to: Reach out to NYSDEC to better understand what is meant by the invitation to be an observer; determine what the Climate Office and other state agencies are doing and/or could be doing knowing that NYS is now developing an allowance-based approach to achieve economy-wide GHG emissions reduction targets; and to report back to the CSMS on both of these issues.**
- 2. The CSMS (through its Co-Chairs and/or Climate Council members) will seek to ensure the topic of the NYS Climate Act and the resulting program design and regulatory work underway is a formal part of the VCC meeting in September, including an update from the CSMS about the presentation today and the subsequent report back from the Climate Office (referenced in #1 above).**

5. Public Comments

Rob Kidd, Sierra Club – The Sierra Club supports this Committee taking this up and recommending to the VCC that VT participate as an observer.

Pike Porter – In the Chat, it is pointed out that this was recorded so VCC could look at the recording.

6. General Discussion about the Recent Flood

Jane Lazorchak, Director, Climate Office, VT ANR – Jane reported that the state is in the process of potentially developing the first statewide resilience cost curves. ANR is starting to develop an RFI (working with the Gund Institute and others) to understand the cost and impacts we could see from future weather-related disasters (referred to by Jared a few moments ago as “fossil fuel use disasters”). The Climate Office is working to develop a Climate Resilience Package to share with the VT Congressional Delegation next week. The package discusses the work going on already and includes new shovel-ready projects that could be implemented quickly as well as new approaches needed right away to help increase energy efficiency, weatherization, and fuel switching to help reduce fossil fuel use. The package is huge and monumental to coordinate to put together so quickly. “It has been an honor to collaborate with so many others on this so quickly. Our little state is mighty and we are able to do so great things resulting from disasters like this.” The document will be publicly available, once complete.

7. Meeting Adjourned at 1:53 pm.

Respectfully submitted by Christine Donovan, CSMS member.