

## Senate Standing Committee on Environmental Conservation

### Public Hearing Statement

April 13, 2021

My name is Peter Savio and I am a volunteer with the Citizens' Climate Lobby, or CCL. On behalf of Citizens Climate Lobby New York (CCLNY), I first want to express our appreciation for your work hosting this Public Hearing, and in particular wish to express our appreciation and respect to Senator Kaminsky and Senator Parker for their long-time, thoughtful leadership on climate legislation – thank you.

The Citizens' Climate Lobby has over 400 active chapters across the U.S., including 22 chapters here in NY. Our primary aim is to build political will and to support elected officials across the political spectrum in finding common ground on climate solutions. We have a strong focus on durable and effective non-partisan policy solutions centered around a price on carbon, in other words a carbon fee and dividend at the federal level. The Energy Innovation and Carbon Dividend Act (HR2307) represents real progress on this front, with 35<sup>1</sup> co-sponsors and growing. We have also focused our efforts at the state level in support of solutions-oriented economy-wide solutions.

Our efforts are underpinned by the findings of the IPCC and National Climate Assessment that climate disruption risks are being felt now, and that without meaningful action such risks will only grow worse with time. **Moreover, countless economists and scientists recommend carbon pricing as the single most effective policy to quickly reduce emissions of greenhouse gases.**

Here in New York, we are grateful for the passage of the CLCPA and for the ongoing work by the legislature, executive branch agencies, the Climate Action Council, Advisory Panels and the Environmental Justice Working Group. As all of us recognize, timely and effective follow through is crucial to putting our state firmly on a path towards meeting the state's ambitious CLCPA goals. This decarbonization path limits negative impacts to our health, our energy, food and water systems, and our economy.

The Climate and Community Investment Act (CCIA, S4264) is an essential element of effective CLCPA follow through. We are thankful for the leadership of Senators Parker and Kaminsky, as well as the Bill's co-sponsors. We are also thankful for the efforts and advocacy of a broad spectrum of stakeholders and concerned citizens and civic leaders across the state, in particular NY Renews, for helping advance the discussion and support for the CCIA.

Climate disruption issues, challenges and risks are multi-faceted, pervasive, and have not arisen overnight. Systematic policy solutions must reflect a multi-faceted and robust portfolio of responses. CCLNY supports passage of the CCIA. We are grateful for and supportive of its broad scope and ambition.

**At the same time, we wish to raise concerns with the CCIA draft bill and suggest possible avenues to address them.** These concerns reflect CCL's long-term advocacy at the federal level for a relatively simple but ambitious carbon fee with 100% of the revenues returned to citizens. As introduced, the CCIA's proposed strong carbon price, plus a price on other pollutants, would impose significant financial costs to consumers and businesses that will only

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<sup>1</sup> This currently includes Congresswoman Grace Meng (NY-06), Congressman Joseph Morelle (NY-25), and Congressman Thomas Suozzi (NY-03).

grow as the fee (\$/ton) increases over time - possibly risking initial and long-term support for this important initiative. In addition, a single-state carbon price risks a shift in carbon emissions to outside the state, also referred to as “leakage”; which risks not only a net growth in emissions from areas outside the state, but also an increase in economic activity there relative to NY. Finally, the proposed calculation of “air pollution pricing” and the “climate pollution fee” seem unnecessarily complex and dependent on annual analysis by DEC.

To our first concern, we believe that the majority of CCIA revenues should be returned to consumers. There are residential, institutional and business consumers that face either a high energy cost burden, high hurdles to reducing their fossil related consumption, or both. Think of struggling workers with a long commute and no access to public transit; people who may own older homes or have recently paid for conventional heating equipment; or highly technical and energy-intensive hospitals, laboratories and manufacturers whose equipment, supplies and services are currently invested in the existing energy infrastructure. These and other sectors may fully support a transition to carbon-free energy sources, but could face high up-front costs or other obstacles to doing so, and need time to make it happen. There are also significant differences to consider as far as the carbon intensity of the electric supply upstate versus downstate. Considered together, we think that a deeper share of revenues going to the widest possible scope of energy consumers is appropriate to maintain momentum and ease the transition to a net zero carbon economy.

To our second concern, one means to address it is through a sector-based carbon price that includes features that can help to avoid or abate leakage. Two well thought out examples of this are the [NYISO Carbon Pricing Proposal](#) (NYISO Carbon Adder) and the [Transportation Climate Initiative](#) (TCI). The NYISO Carbon Adder applies a price on all carbon-based electric production in NY’s wholesale market, whether in-state or imported from outside. The TCI has been developed with thirteen other northeast and mid-Atlantic states with a level of coordination in \$/ton applied to limit leakage or interstate competitive disadvantages.

With respect to complexity, we suggest a more straightforward and transparent fee schedule such as that proposed in Senator Parker’s legislation for a tax on carbon-based fuels (S3336). That approach provides a more clear and certain price signal which supports forward planning and helps incent consumers toward long-term personal and business investments in reduced or carbon free energy sources.

**We believe that the CCIA and its ambitious price on carbon and other emissions offers the state a great opportunity to advance transformative decarbonization.** We offer our suggestions with great respect and in the spirit of strengthening its support and impact. **We hope that our suggestions will help build on the work and momentum embodied in the CLCPA and the CCIA, and put wind in the sails for passage of effective and impactful carbon pricing legislation in this session.** Thank you.