

**Testimony of Peter M. Iwanowicz
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**Before the Assembly Standing Committee on Environmental Conservation,
the Assembly Standing Committee on Energy, and
the Assembly Climate Change Work Group**

November 29, 2021

On behalf of Environmental Advocates NY, it is my pleasure to be with you today to present our perspective on climate change expenditures by state entities.

The main message we are here to deliver today: there is an urgent need for realignment of the state budget and spending by state entities to match the impacts of climate change.

We are in a climate crisis. The extreme weather events New York and other states around the country are experiencing are just what climate scientists have been warning us about for decades. Communities all across the state are being dramatically impacted, people are losing their livelihoods and some, sadly, are losing their lives.

Last year, the State Department of Environmental Conservation (DEC) assessed the damage caused by each ton of greenhouse gas emitted; commonly called the Social Cost of Carbon.¹ The DEC found that each ton of carbon dioxide caused more than \$120 in damage.

Multiply this by each ton of carbon dioxide emitted in New York each year and the annual damage cost is a staggering \$27.5 billion dollars per year.

Recognizing the need for a plan of action, The Legislature and the Executive worked together to enact the 2019 Climate Leadership and Community Protection Act (CLCPA), a law that *The New York Times* called “one of the world’s most ambitious climate plans.”

The CLCPA mandates the most aggressive pollution cuts in the nation and commits us to ensure that the transition to a 100% renewable energy economy will ensure justice and equity for frontline communities and workers. The CLCPA created the

¹ https://www.dec.ny.gov/docs/administration_pdf/vocguidrev.pdf (last accessed November 21, 2021)

state Climate Action Council of which I am a member. I am one of the three members appointed by Assembly Speaker Carl Heastie.

Recently the Council received an analysis that assessed the benefits and cost of acting on climate.² It was a sobering reminder of the impacts that climate change is having on our state and the 20 million people that call it home.

It was also a reminder that the benefits of acting to protect our environment and health always outweigh the costs. The analysis presented to the Council showed that the net benefits for acting ranged from \$80 to \$150 billion.

The higher range of the benefits would be realized if we rapidly moved away from the combustion of fuels to full electrification of our energy systems.

Because our economy is so diverse, the costs are a small share of New York's economy: 0.5-0.6% of Gross State Product in 2030 and 1.9-2.1% in 2050.

The main takeaway for the benefit-cost analysis is this: the faster we move to full electrification the fewer people will get sick, the fewer lives we will lose and the faster we will reap the net economic benefits.

The analysis also showed that the state needs to be spending at least \$10 billion dollars annually to ensure that we secure the benefits of acting.

The climate crisis should be sufficient motivation to spend this amount. That the benefits accrue to those that act first, makes the spending at this level common-sense.

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Turning to the current state climate spending, here is a look at some key appropriations and current spending by state entities.

Environmental Protection Fund (EPF)

A significant source of environmental funding in the state budget is the \$300 million EPF.

² <https://climate.ny.gov/-/media/Migrated/CLCPA/Files/2021-10-14-CAC-Meeting-presentation.ashx> (last accessed November 21, 2021)

The spending from the EPF provides resources to a host of important programs. But it's not nearly enough. Furthermore, the climate portion of the EPF is just \$19.1 million or 6.4% of the total fund.³

Let's quickly put the EPF spending in the state budget into some context climate-wise. New York spends more in the budget to support the combustion of fossil fuels and the oil and gas industry than all the appropriations of the EPF. Legislation has been introduced to end these subsidies which the sponsors believe cost the state treasury \$336 million per year.⁴

The Clean Energy Fund

The Clean Energy Fund (CEF), established by the Public Service Commission in 2016, was developed to scale clean energy market opportunities in the state.

The New York State Energy Research and Development Authority (NYSERDA) and the Public Service Commission have begun making progress in aligning CEF programs and spending with the CLCPA. A September 2021 decision by the PSC assigned a specific goal to CEF to ensure 40% of its funds are dedicated to disadvantaged communities, including at least 35% of NY Green Bank funding. The NY Sun program has also increased its goal to achieve 10 gigawatts of distributed solar by 2030, creating 6,000 new solar jobs and allowing the state to meet its 70% renewable electricity goals by 2030.

The Regional Greenhouse Gas Initiative (RGGI).

Since the CLCPA became effective January 1, 2020, New York State has participated in seven RGGI pollution allowance auctions which generated \$261.76 million in proceeds.⁵ These funds are clean energy funds under the CLCPA and subsequent regulatory modifications⁶ by NYSERDA. Thus, the state should be dedicating at least 35% of the RGGI auction proceeds to the benefit of "disadvantaged communities." It is not clear how much of these funds have been spent as legally required.

Furthermore, in the State Fiscal Year 2020-2021 and 2021-2022 budgets, a total of \$46 million was redirected from NYSERDA to the general fund. As a direct result of the last two years of sweeps, more than \$16 million has been denied to

³ <https://www.dec.ny.gov/energy/109181.html> (last accessed November 21, 2021)

⁴ Assembly bill 8483 by Member of the Assembly Cahill

⁵ Auction 47-53 proceeds NY: \$50,269,615.50 + \$43,080,511.98 + \$42,091,429.60 + \$36,519,192.06 + \$33,611,456.12 + \$28,338,098.75 + \$27,845,262.25

<https://www.rggi.org/Auctions/Auction-Results/Supply-Bid> (Last accessed November 22, 2021).

⁶ <https://www.nyserdera.ny.gov/Researchers-and-Policymakers/Regional-Greenhouse-Gas-Initiative/21-NYCRR-Part-507> (last accessed November 21, 2021)

disadvantaged communities. This is a practice that commenced in 2015 and should have ended with the enactment of the CLCPA.

We have asked the Hochul Administration to end the practice that started with its predecessor, and we call on The Legislature to end the annual raid of RGGI funds and allow NYSERDA use them as intended, to increase energy efficiency, to deploy clean energy technologies and to provide at least 35% of the funds to be spent in disadvantaged communities.

The Public Service Commission

Under the PSC order Authorizing Utility Energy Efficiency and Building Electrification Portfolios through 2025 issued in January of 2020⁷, private utilities are now required to fund electric and gas efficiency and heat pump programs. This order authorizes the utilities to collect and spend \$1.9 billion helping their customers cut energy waste and reduce their energy bills to meet the CLCPA 2025 energy efficiency obligations. We believe the funds of these programs fall within the CLCPA definition of clean energy funds and, therefore, the PSC needs to ensure that the utilities are spending at least 35% of the funds to benefit disadvantaged communities.

Electric Vehicle Rebates

As part of the SFY 2016-2017 budget, the state created an electric vehicle rebate program to be administered by NYSERDA.⁸ There are more than 60 vehicle models that are eligible for some level of rebate. The program has been a success as the number of electric vehicles being sold and used in New York State has steadily increased.

It is time for the program to be modified so more New York consumers can participate. Additional incentives for qualifying low or moderate-income New Yorkers should be added to the program. The state should also develop a rebate program for used electric vehicles.

The state also has several programs to support the build out of public EV charging.⁹ Up to \$4,000 is available per charging station with an additional \$500 for charging stations located in disadvantaged communities.

⁷ Order Authorizing Utility Energy Efficiency and Building Electrification Portfolios through 2025 (Case Number 18-M-0084): <https://documents.dps.ny.gov/public/Common/ViewDoc.aspx?DocRefId={06B0FDEC-62EC-4A97-A7D7-7082F71B68B8}>

⁸ <https://www.nyserda.ny.gov/All-Programs/Drive-Clean-Rebate> (last accessed November 21, 2021)

⁹ <https://www.nyserda.ny.gov/All-Programs/ChargeNY/Charge-Electric/Charging-Station-Programs> (last accessed November 21, 2021)

The budget's climate test

The CLCPA also contains an often overlooked but key section – Section 7.¹⁰ This portion of the law requires that all state agencies, offices, authorities, and divisions consider whether their decisions are inconsistent with or will interfere with the attainment of the statewide greenhouse gas emissions limits of the CLCPA. The decisions captured by this section include issuing permits, licenses, and other administrative approvals and decisions, including but not limited to the execution of grants, loans, and contracts.

In practical terms, all decision of the state must be run through a “climate test.” It is meant to ensure that we don’t dig the hole any deeper.

Because it covers divisions of the state, this section of law clearly applies to the State Division of Budget.

Now that the CLCPA is law, our state’s annual spending plan must not be inconsistent with the state’s climate goals and it must also prioritize pollution reductions in disadvantaged communities.

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To sum up EANY’s positions: we need to tackle the climate crisis and current levels of state spending are inadequate.

We call on the Executive and the Legislature to enact a SFY 2022-23 budget that includes at least \$15 billion to advance the objectives of the CLCPA. Anything short of this will delay the public health and economic benefits that we all know are there for the taking.

Thank you for the opportunity to provide this testimony.

¹⁰ Chapter 106 of the Laws of 2019