



THE ASSEMBLY
STATE OF NEW YORK
ALBANY

November 29, 2017

Hon. Kathleen H. Burgess, Secretary
New York State Public Service Commission
Three Empire State Plaza
Albany, New York 12223-1350

Dr. Nicole Bouchez, Principal Economist
New York Independent System Operator
10 Krey Boulevard
Rensselaer, New York 12144

RE: Matter 17-01821 – In the Matter of Carbon Pricing in New York Wholesale Markets

Dear Secretary Burgess and Dr. Bouchez:

I urge the New York State Public Service Commission (PSC) and the New York Independent Systems Operator (NYISO) to include a requirement that those who engaged in the industrial production of carbon in our atmosphere, be required to pay for it. Specifically, I direct your attention to Assembly bill A 107, my carbon tax proposal as your bodies advance the above-referenced proceeding. While addressing a state-wide approach to curb carbon is essential to our energy future, we owe it to New York to consider all of the options before going forward. All options have not been considered. The carbon charge offered by the Brattle Report is the sole approach included in their research.¹

As the Assembly sponsor of A.107, I urge the PSC and NYISO to start at the beginning and review all of the possible approaches to cutting carbon-dioxide emissions. Only then can we say with full confidence that the best route for New York State has been chosen.

Carbon Taxes Work

Countries around the globe have been successful at using a tax on carbon to lower emissions. For example, Sweden first instituted a charge in 1991 and between 1990-2013 the country has

¹ "Pricing Carbon into NYISO's Wholesale Energy Market to Support New York's Decarbonization Goals."
http://www.nyiso.com/public/webdocs/markets_operations/documents/Studies_and_Reports/Studies/Market_Studies/Pricing_Carbon_into_NYISOs_Wholesale_Energy_Market.pdf

decreased CO2 emissions by 23%.² The United Kingdom has had a fee since 2013 and as a result has lowered levels by 37% as of 2016.³ British Columbia started their own program in 2008 which has seen a 5.5% reduction as of 2014. Their platform is now being mirrored on the national level with Canada seeking to do a countrywide version starting in 2018.⁴ These countries and territories have each demonstrated that the carbon tax is an effective means to cut greenhouse gases.

In the United States, efforts are underway in several states to adopt this approach. With ballot measure options, growing advocacy support and even legislation, several states are actively considering implementing such a fee including, Connecticut,⁵ D.C.,⁶ Hawaii,⁷ Massachusetts⁸ and Washington.⁹ New York should not wait. If we act now, we WILL be the first state in the Nation to do it, thereby continuing our role as an environmental leader.

Why New York Needs A Carbon Tax

New York is currently enrolled in several programs and legislative efforts seeking to cut greenhouse gases. From membership to the Regional Greenhouse Gas Initiative's (RGGI) cap and trade system, the development of a State's Energy Plan, the ordered Renewable Portfolio Standard (RPS), to the Reforming the Energy Vision (REV), the clean energy standard (CES) or the creation of an Energy Board, the State's several programs have already engaged in important work. Legislative efforts' including Green Jobs Green New York and the Assembly's continued passage of the New York State Climate and Community Protection Act, also show our legislative commitment to enhancing renewable resources and cutting carbon.

These initiatives are working to lower carbon emissions. Between 1980 and 2015, New York has decreased its total carbon output by 55.9 million metric tons, which comes to a 19.4% reduction.¹⁰ Recent figures from the U.S. Energy Information Administration demonstrate that per-capita emissions in New York are lower than the national average.¹¹

However, despite how the levels are when compared with other states, New York is actually falling behind our own targets. The State has set laudable goals of cutting greenhouse gas

² See CO2 Taxation in Sweden Experiences of the Past and Future Challenges. Susanne Åkerfeldt and Henrik Hammar, September 7, 2015: http://www.un.org/esa/ffd/wp-content/uploads/2016/12/13STM_Article_CO2-tax_AkerfeldtHammar.pdf

³ A carbon price floor as a mechanism for setting the minimum price that fossil fuel producers pay for emitting CO2. See page 4 & 7 2016 UK Greenhouse Gas Emissions, Provisional Figures. Department for Business, Energy & Industrial Strategy. Statistical Release: National Statistics. March 30, 2017.

⁴ See, British Columbia's Revenue-Neutral Carbon Tax. <https://www2.gov.bc.ca/gov/content/environment/climate-change/planning-and-action/carbon-tax> On October 3, 2016, Prime Minister Justin Trudeau announced a plan to price carbon in all province and territories in 2018, <https://pm.gc.ca/eng/news/2016/10/03/prime-minister-trudeau-delivers-speech-pricing-carbon-pollution>

⁵ Raised Bill No. 7247 was introduced in the 2017 Connecticut State Legislature. The bill sets a carbon fee of \$15 per ton of CO2 starting in 2019. This amount would raise \$5 per ton per year. Bill will only go into effect if Massachusetts and Rhode Island pass similar carbon pricing legislation. <https://www.cga.ct.gov/2017/TOB/h/2017HB-07247-R00-HB.htm>

⁶ Voters in Washington D.C. have the ability to initiate a referendum through the Washington D.S. Board of Elections and Ethics. See: https://www.dcboe.org/regulations/Election_Ethics_Laws.asp; The Chesapeake Climate Action Network is actively considering a referendum or legislation. See: <http://chesapeakeclimate.org/dc/a-dc-carbon-fee-for-clean-energy-and-a-fair-economy/>

⁷ Advocates are working with the State Legislature to see that a carbon tax will help Hawaii satisfy their State law mandating that the electric sector be powered by 100% renewable energy no later than 2045. See Hawaii House Bill 623 (2015).

⁸ S.1821 in the Massachusetts Senate and H.1762 in the State House are bills that both include provisions placing a fee on carbon.

⁹ Washington State's Ballot Initiative 732 failed to pass a statewide vote in 2016. Advocacy groups including Alliance for Jobs and Clean Energy and the Sierra Club argued that it did not do enough to speed up the transition to a green economy: <https://www.sierraclub.org/washington/sierra-club-position-carbon-washington-ballot-initiative-732>

¹⁰ See: New York <https://www.eia.gov/environment/emissions/state/>

¹¹ *Id.*

emissions by 2030 of obtaining half of all electricity sold in the state from renewable sources, reducing greenhouse gas emissions 40% from 1990 levels and reducing energy consumption by buildings 23% from 2012 levels.¹² There is also a target to cut greenhouse gas emissions 80% by 2050.¹³ Unfortunately, New York recently failed to accomplish the goal of generating 29% of the State's overall electricity supply through renewable energy, including wind, solar and hydro power by 2015.¹⁴ With only 24.3% of its energy coming from renewables, New York is falling short. As a result, the State must use every opportunity it can to create widespread action.

For New York State a carbon tax makes sense. It is a simple standard that could be implemented rather quickly. In 2015, Senator Parker and I introduced A.107/S.6037, which is the State's first initiative towards setting a carbon tax. A tax of \$35 per ton would be placed on all emitters. This rate would be increased by \$15 per year to a maximum of \$185, with sixty percent of the revenue returned as tax credits to "very low to moderate income residents."¹⁵ The tax credits will assist individuals across the State deal with the economic impact created by the program. The remaining forty percent would be distributed evenly "to support the transition to one hundred percent clean energy in the state, to support mass transit, to reduce carbon emissions, and to improve climate change adaptation."¹⁶ The goal is to encourage every energy using entity, be they private citizens, utilities or companies, to cut their use and reliance on products that produce greenhouse gases.

A.107 also stands apart from the charge currently being proposed by the Brattle Report.¹⁷ It is more expansive, as it applies to all emitters, whereas the carbon charge only applies to the electric industry. As detailed above, New York needs a broad approach to achieve the greatest level of decreases so that targets are achieved. The carbon tax can do just that.

Conclusion

New York could be the first State in the Country to implement a successful carbon tax. In a year where the United States has witnessed an influx of devastating hurricanes, we must continue to be at the forefront at tackling climate change. New York cannot afford to fall behind our own targets and timetables and the carbon tax is a proven method for lowering greenhouse gas emissions. When combined with all of the others programs and initiatives set by New York, we can and will be successful at obtaining a renewable energy future.

¹² N.Y. State Energy Planning Bd., "The Energy to Lead." 2015 New York State Energy Plan. Overview, page 2.

¹³ *Id.*

¹⁴ New York obtained only 24.3% of its electricity from renewable sources in 2015, See U.S. Energy Information Administration, New York State Profile and Energy Estimates, Overview: <https://www.eia.gov/state/?sid=NY#tabs-1>

¹⁵ A.107 page 3.

¹⁶ *Id.*

¹⁷ Pricing Carbon into NYISO's Wholesale Energy Market to Support New York's Decarbonization Goals, The Brattle Group, August 10, 2017.