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News : New York governor backs cap-and-invest program, statewide building gas ban

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- Plans align with Climate Action Council
- On-site fuel combustion banned by 2025, 2028

New York State is pursuing a program that would cap greenhouse **gas emissions** and invest in the clean energy economy, and the state will ban the use of **natural gas** in new buildings, Governor Kathy Hochul said during a State of the State address she gave in Albany Jan. 10.

"Big emitters will have to purchase permits to sell polluting fuels," Hochul said, adding, "the dirtier the fuel, the bigger the price tag," during the speech, which was also webcast.

The "invest" part of the plan will accelerate the clean energy transition and include a universal "Climate Action" rebate that will provide \$1 billion in revenues that will be allocated to help cover utility bills, transportation costs, and other decarbonization efforts, she said.

"And what's great about Cap-and-Invest is that it offers us flexibility, so we can focus our efforts on the biggest polluters and ensure families, farms, and small businesses aren't crushed by costs," Hochul said.

The **New York** State Climate Action Council recommended the governor's plan as part of its scoping plan for implementing the Climate Leadership and Community Protection Act.

The 22-member committee December voted 19-3 in favor of adopting the scoping plan, which outlines recommended policies and actions to help meet the goals and requirements of the climate law.

CLCPA timeline



Source: New York State Department of Environmental Conservation

The state's landmark climate law mandates an economy-wide 85% **GHG** reduction from 1990 levels by 2050, 100% zero-**emission electricity** by 2040, 70% **renewable electricity** by 2030, 9,000 MW of **offshore wind power** capacity by 2035, 3,000 MW of energy storage capacity by 2030, 6,000 MW of **solar power** capacity by 2025 and a carbon-**emissions** reduction of 22 million mt through energy efficiency and electrification.

The cap-and-invest program would establish enforceable **emission** caps that decline annually, including **emission** caps for 2030 and 2050 that correspond with the statewide **emission** limits established under the climate law and adopted by the Department of Environmental Conservation, according to the scoping plan.

For the **electricity** sector, sources would be responsible for **emissions** from the combustion of fuels, although the program should be structured to reflect that many of these sources are also subject to the Regional Greenhouse **Gas** Initiative, an existing multi-state cap-and-trade program that includes **New York** , the plan said.

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New construction gas ban

Hochul also threw her support behind several other key recommendations from the Climate Action Council to restrict **natural gas** and other fossil fuel use in new and existing buildings.

Hochul called for zero-**emissions** new building construction, which would include prohibiting on-site fossil fuel combustion in small buildings by 2025 and in larger buildings by 2028. The Climate Action Council in December recommended enacting that policy through an update to state building energy codes.

To address existing building **emissions** , Hochul proposed banning the sale of new fossil fuel heating equipment in small buildings by 2030 and in larger buildings by 2035, which also aligned with the Climate Action Council's recommendation. The council proposed a standard that would require building owners to install **electric** heating systems and appliances when fossil fuel equipment burns out.

The state also aims to help 20,000 low-income families convert from fossil fuel heating to **electric** equipment, install energy-efficient appliances, and improve insulation in their homes through a new pilot program called "**EmPower Plus**." Homes that fully electrify through **EmPower Plus** would qualify for another new pilot program called the Energy Affordability Guarantee, which caps participants' **electric** power costs at 6% of their income.

The governor said she would also move forward with a plan to assign letter grades to large buildings based on their energy use. The proposals built on Hochul's ongoing initiatives to support building electrification that was announced during last year's State of the State address.

The state also intends to create an office to direct planning for a just energy transition. Hochul said she would order utility regulators to remove barriers to medium- and heavy-duty vehicle charging and direct the state's Low-Income Energy Task Force to better align energy affordability programs. Hochul additionally announced \$200 million in new funding to help pay **electric** bills in households that do not currently qualify for assistance.

S&P Global Commodity Insights reporter Tom DiChristopher produces content for distribution on [Capital IQ Pro](#).

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