



Cap and Invest in NY State

What is “cap-and-invest,” and what does it mean for New Yorkers statewide?

“Cap and invest” is a set of policies that sets a limit, or cap, on overall emissions in the state and requires corporations to get allowances equal to their approved amount of greenhouse gas emissions. Done right, a cap system could be a key tool in securing climate justice in New York: money for frontline communities, paid for by polluters. Done wrong, a cap system would only widen the gap between the haves and have-nots in our state: it could mean increased environmental harm for Black, Brown, Indigenous, and working New Yorkers. NY Renew's is calling for a just cap-and-invest program—*without trading*—which would not allow corporations to trade their pollution permits for profit.

Cap and invest is not the only approach to reducing emissions or [raising revenue for climate justice](#). New York could take a strictly regulatory approach, or combine both emissions caps and investment and explicit regulation in order to do so. A just emissions cap program is one tool to help reduce pollution and fund [the climate investments](#) we need. As a part of the overall effort to implement the New York State Climate Plan, an equitable emissions cap system could:

- Generate funding for vital climate, jobs, and justice investments;
- Reduce energy bills for households and small businesses;
- Improve public health by investing in renewable energy systems that will cut rates of asthma, heart disease, and other illnesses, especially in Black, Brown, and low-income communities;
- Make our homes safer and more comfortable;
- Help reduce the effects of extreme weather on our communities; and
- Generate funding for vital climate, jobs, and justice investments

Cap and invest is not a single policy. It is a way to talk about an array of regulation, administration, and policy.				
Legally enforceable limits or “caps” on pollution are set for polluters by sector, industry and area	Polluters need a permit to keep putting harmful substances into our air	Polluters pay the state to pollute, and amounts lower each year until we reach mandated levels	Permits are very strictly regulated, and any pollution without a permit is penalized	The funds from permit sales are used to invest in our communities

An emissions cap program will only benefit New Yorkers if it is implemented in a just way.

Here's what we must see in an equitable, effective program:

1. **Statewide pollution limits must decline every year in every sector**, including the electric sector, and these limits must be strongly enforced. The limits must hit key benchmarks to ensure we reduce pollution to 50% of current levels by 2040 and at least 85% by 2050.
2. **It must include facility-specific caps on greenhouse gas and co-pollutant emissions** in addition to a statewide pollution cap and sectoral caps.
3. **Greenhouse gas and co-pollutant emissions permits must be non-tradable and must have aggressive penalties for exceeding cap levels.** Permits must avoid loopholes that have weakened or undermined other efforts, including exemptions for any emissions and double allowances for facilities that utilize the same fossil fuel unit for multiple purposes, and avoid offsets and excessive banking. Polluters should not be permitted to play games with the system with any emissions offset regimes. Unused permits should not be banked year-on-year, and regulators must adjust the cap-trade-and-invest program design as needed to minimize any banking.
4. **No giveaways to polluters.** The program must not exempt the worst corporate actors from paying for their emissions or give them a free pass to dump toxic pollution in frontline neighborhoods.
5. **Expenditures must not harm vulnerable New Yorkers.** The cost burden for New Yorkers who can least afford it must not be made worse. The cap program must include rebates and targeted relief for low- and moderate-income households to ensure energy bills go down. We believe the strongest approach is to create a Climate and Community Protection Fund and direct any funds raised to that fund.
6. **Permits should have a clear and escalating price**, and there should be a policy to ensure both a price floor to ensure adequate revenue and a price ceiling to limit consumer impacts. There should be a higher price in Disadvantaged Communities and environmental justice areas. The price and regulations must be based on the CLCPA's current 20-year cost accounting for methane.
7. **Any cap system must be part of a broader regulatory approach to reducing pollution** and must ensure that New York can achieve the greenhouse gas reduction mandates in the CLCPA. The cap system must be complemented by other strong regulatory and enforcement tools.
8. **The system must include pollution reduction mandates for overburdened communities** by agencies including the NYS Department of Environmental Conservation and the Attorney General's office. In addition to a cap-and-invest system, we need a broad array of effective regulations and enforcement to reduce pollution.