



January 28, 2025

## **Environmental Defense Fund Testimony for the Joint Legislative Hearing on New York's 2025 Executive Budget Proposals - Environmental Conservation and Energy**

Environmental Defense Fund (EDF) appreciates the opportunity to submit testimony to members of the Senate Finance and Assembly Ways and Means committees on Governor Hochul's FY26 Executive Budget proposals. Founded and headquartered in New York, EDF is a non-profit, non-governmental, and non-partisan organization that links science, economics, and law to create innovative, equitable, and cost-effective solutions to urgent environmental problems. EDF has over three million members and activists across the country, including over 260,000 in the state of New York. EDF has long pursued initiatives at the state, national, and international levels designed to reduce emissions of climate-altering and health-harming air pollutants.

### **Implementation of the Climate Leadership and Community Protection Act**

With federal rollbacks of climate progress and worsening climate-fueled disasters costing New Yorkers and communities around the world, there has never been a more critical moment for state leadership on climate. For over two years, DEC and NYSERDA have been developing regulations for a cap-and-invest program which represents New York's strongest and most cost-effective tool for driving down emissions in line with the CLCPA's targets and raising significant and sustained revenue to invest in an equitable clean energy transition. A strong cap-and-invest program represents exactly the type of leadership needed from states today. Like many organizations who have testified today, EDF was dismayed to see the Governor's further and indefinite delay of this program. This is not just a delay in cutting pollution that would lead to cleaner air and a safer future – it is a delay in billions of dollars of investment in growing NY's clean energy economy, creating good paying jobs, and driving energy cost savings for New Yorkers through rebates and scaling of clean energy programs that would help New Yorkers use less energy and transition away from fossil fuels. Getting New York's businesses and households off of fossil fuels that on their own involve volatile costs and drive avoidable healthcare costs, exacerbate costly climate-fueled extreme weather events, and are contributing to rising food and insurance costs *is the most effective long-term energy affordability strategy.*

#### *Cap-and-Invest & Sustainable Future Program*

The Executive Budget's proposed one-time appropriation of \$1 billion in climate spending over five years represents an insufficient substitute for a long-term and scaled source of revenue for the Climate Action Fund that the cap-and-invest program could deliver.

- **Insufficient in scale:** NYSERDA's analysis estimated that cap-and-invest could raise between \$3 and \$5.1 billion in total revenue in its first year of implementation, growing to \$5.6 to \$11.9 billion annually by 2030.<sup>1</sup> Meaning, if the Sustainable Future Program were spent down evenly over five years, those annual investments would represent 1/15<sup>th</sup> of the projected annual revenue from even the least ambitious of the cap-and-invest program options modeled. Further, the level of investment envisioned by the Sustainable Future Program is far below the Scoping Plan's estimate that \$11B in

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<sup>1</sup> NYSERDA, *New York Cap-and-Invest Pre-Proposal Stakeholder Outreach Preliminary Scenario Analyses* (January 2024), <https://capandinvest.ny.gov/-/media/Project/CapInvest/Files/2024-01-26-NYCI-Preproposal-Analysis-Webinar.pdf>

annual investment will be needed by 2030.<sup>2</sup> By contrast, a strong cap-and-invest program *could* deliver that level of investment.

- **Insufficient in duration:** While the cap-and-invest program would serve as a reliable, long-term revenue source for critically needed climate, clean energy, and environmental justice investments, the Sustainable Future Program does not guarantee any future revenue nor sustained investment in these needs.
- **Not a comprehensive solution to enforce emissions limits:** While investments from the Sustainable Future Program could certainly help to cut emissions over time, a cap-and-invest program would have the dual effect of serving as a much stronger tool to drive down emissions in line with the CLCPA's requirements while *also* raising revenue needed to reach those targets and do so while prioritizing affordability and equity.

#### *Recommended Actions by the Legislature*

- **Call on the Governor to release the cap-and-invest rules immediately.**
- **Increase appropriations to the Sustainable Future Program and require a shorter timeframe for spending down those resources:** While the cap-and-invest regulations and revenues are delayed, the legislature should focus on increasing appropriations to the Sustainable Future Program and require those resources to be spent down over a shorter timeframe. This would drive further progress against NY's climate targets *and* support affordability in advance of more comprehensive action like cap-and-invest, as discussed more below.
- **Prioritize near-term spending on programs that will immediately help New Yorkers electrify and cut energy use, driving near- and long-term cost savings:** By increasing and accelerating investments in programs that can help households reduce energy use and shift off of fossil fuels, robust climate and clean energy investment can serve as an energy affordability solution and provide an on-ramp to an affordable cap-and-invest program. Such investments should prioritize deploying these solutions and cost-saving measures in low- and moderate-income households in particular. Examples of these kinds of programs that should be considered for investment include:
  - o Investments in home **electrification, weatherization, and efficiency programs plus pre-electrification readiness programs** such as the Green Affordable Pre-Electrification (GAP) Fund. Additional investments to scale home electrification (e.g. the Affordable and Climate-Ready Homes Program proposed by NYRenews), building on existing state programs like Empower+, are needed to expand the adoption of cost-saving technologies and upgrades like heat pumps, insulation, and renewable energy installations.
  - o **Community-directed grant programs that would reduce climate and air pollution in disadvantaged communities** (e.g. Community-Directed Grant Program proposed by NYRenews). Recent analysis from Switchbox looks at potential models New York could build from including California's Transformative Climate Communities program.<sup>3</sup> Specifically, these types of programs should be design to 1) cut air pollution 2) lower barriers to clean energy adoption, and 3) deliver felt impacts for communities like health benefits, affordable, comfortable homes, and improved resiliency to climate impacts. The scale and reach of these programs could be much more significant with cap-and-invest in place but could be initiated through the Sustainable Future Program.
- **Align Sustainable Future Program investments with Climate Action Fund, including prioritizing investments in Disadvantaged Communities:** To the greatest extent possible, the legislature

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<sup>2</sup> New York's Climate Scoping Plan, Page 131, <https://climate.ny.gov/resources/scoping-plan/>.

<sup>3</sup> Switchbox. "New York's Affordable Energy Future". <https://switchbox-data.github.io/reports/nyci/#sec-place-based>.

should direct Sustainable Future Program investments to purposes consistent with the Climate Action Fund's climate investment account including "purposes...consistent with the general findings of the scoping plan" and "measures which prioritize disadvantaged communities by supporting actions consistent with the requirements of paragraph d of subdivision three of section 75-0109 and of section 75-0117 of the environmental conservation law, identified through community decision-making and stakeholder input, including early action to reduce greenhouse gas emissions in disadvantaged communities." Further, funds invested should align with the CLCPA requirements that 35 to 40% or more of funding be directed to disadvantaged communities.

**EDF also echoes testimony of many partners today calling on the legislature to pass the NY HEAT Act and Clean Deliveries Act.**

**Resilience planning**

As New York State embarks on establishing its first ever resilience plan, we encourage the addition of at least three new dedicated resilience staff to supporting its development and implementation. While initial funds were targeted for planning, an equivalent dedication of full-time staff roles to resilience planning has, to our understanding, not yet been made. For comparison, the State of New Jersey has six full time employees within their resilience office dedicated to resilience planning alone, which has enabled the state to pursue impactful and complex policies and planning throughout the state. A well-coordinated resilience plan has the power to launch effective risk reduction and prevention strategies, establish a politically supported suite of projects at the local level, and make New York safer for its residents that are already experiencing devastating flooding and extreme heat.

**Environmental Protection Fund**

EDF urges an appropriation of \$500 million for the EPF. The Governor's budget proposal grows the total budget by \$10 billion from 2024 – we should similarly be growing environmental funding as the budget grows. According to a study by The Trust for Public Land, every \$1 invested in land and water conservation through the EPF returns \$7 to the state. Additionally, the EPF supports 350,000 jobs across New York in a broad spectrum of industries including construction, agriculture, recreation, tourism, forestry, recycling, and recreational fishing. EPF-supported industries add \$40 billion to the state's economy every year.