6 NYCRR Part 242, CO_2 Budget Trading Program

6 NYCRR Part 200, General Provisions

21 NYCRR Part 507, CO_2 Allowance Auction Program

Revised Job Impact Statement

NATURE OF IMPACT

The Regional Greenhouse Gas Initiative (RGGI) is a cooperative, historic effort among New York and nine Participating States[1] and is the first mandatory, market-based carbon dioxide (CO_2) emissions reduction program in the United States. Since its inception in 2008, RGGI has utilized a market-based mechanism to cap and cost-effectively reduce emissions that cause climate change. Recently, New York along with the Participating States, completed a comprehensive program review and announced a proposal to lower the regional emissions cap established under RGGI to 69.8 million tons in 2027, declining about 89%, relative to the 2024 cap, through 2037.[2] Accordingly, New York and the Participating States committed to propose revisions, pursuant to state-specific regulatory processes, to their respective CO_2 Budget Trading Programs to further reduce CO_2 emissions from power plants in the region. To implement the updated RGGI program in New York State, the Department of Environmental Conservation (Department) has proposed to revise 6 NYCRR Part 242, CO_2 Budget Trading Program (the Program) and 6 NYCRR Part 200, General Provisions. As the auction administrator, the New York State Energy Research and Development Authority (NYSERDA) has proposed revisions to the CO2 Allowance Auction Program as set forth in Part 507, which are designed to complement revisions proposed by the Department.

[1] In addition to New York, the RGGI Participating States include: Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, Rhode Island, Virginia, and Vermont. Virginia's participation will formally commence on July 1, 2026.

[2] The Participating States released the Updated Model Rule on July 3, 2025, https://www.rggi.org/sites/default/files/Uploads/Press-Releases/Press_Release_Program_Review_Announcement.pdf

The Department, NYSERDA and the New York State Department of Public Service (DPS) analyzed costs, including impacts to jobs, total Gross State Product and total Personal Income, associated with compliance with the proposed revisions to the Program. As discussed below, this analysis concludes that the proposed revisions to the Program would result in positive increases in jobs, Gross State Product, and total Personal Income, although the gains are small in magnitude, which is consistent with the analysis from previous program reviews. At the direction of New York and Participating States, ICF International conducted a macroeconomic impact study using the "Regional Economic Models, Inc. Policy Insight™ (REMI)" model. The macroeconomic results reflect the potential impacts associated with the revisions to the Program (including the investment of auction proceeds in an estimated portfolio of energy efficiency, clean energy and carbon abatement programs). As with other analysis that supported the program review, REMI modeling included two policy cases, one of which assumes full on-time achievement of state clean energy deployment targets (Case B), and one of which assumes clean energy additions are mostly limited to currently contracted renewables (Case A). The study estimates that the cumulative changes in New York's Gross State Product and Personal Income associated with the revisions to the Program will be about $7 billion (0.023%) and $2.7 billion (0.015%), respectively, for Case A (2022 dollars, calculated as the present value of estimated annual changes over the period 2025 to 2040, discounted at 3% per year to account for the time-value of money). Under the Case A framing, the cumulative change in employment in New York associated with the revisions to the Program is estimated to be about 54,928 additional job-years (0.025%) over the period 2025 to 2040. The study estimates that the cumulative changes to New York's Gross State Product and Personal Income associated with revisions to the Program will be about $777 million (0.003%) and $1.7 billion (0.009%), respectively, for Case B. Under the Case B framing, the cumulative change in employment in New York associated with the revisions to the Program is estimated to be about 646 additional job-years (<0.001%) over the period 2025 to 2040. In the context of New York's total Gross State Product, total Personal Income, and total employment in job years these changes represent small but positive changes.

The nature of the proposed Program revisions, generally described above and discussed more thoroughly in the accompanying Regulatory Impact Statement, is such that they clearly would not have an adverse impact on jobs and employment opportunities.

CATEGORIES AND NUMBERS AFFECTED

As indicated above, the Department, NYSERDA and DPS analyzed costs, including impacts to jobs, total Gross State Product and total Personal Income, associated with compliance with the proposed revisions to the Program. Modeling analysis and review was coordinated by RGGI Inc. and New York staff, and included input from energy and environmental representatives from the Participating States and each regional Independent Systems Operator.

To evaluate potential cost impacts of the reduced CO_2 emissions cap and budget adjustments, Integrated Planning Model (IPM®)[3] was used to compare a future case with the proposed Program revisions (Program Case) to a Reference Case (Business as Usual scenario) to project how the regional electricity system would function if the Program remained unchanged and proposed revisions were not implemented. The modeling assumptions and input data were developed with input from a stakeholder process, including representatives from the electricity generation sector, business and industry, environmental advocates and consumer interest groups. Subsequently, modeling results were presented to stakeholders for review and comment throughout the development of the proposed Program revisions. For a greater explanation of the analysis and a summary of the IPM® modeling conducted by ICF International (ICF), see Regulatory Impact Statement.

Utilizing New York's Investments of RGGI Allowance Proceeds and output data from IPM®, the REMI

[3] IPM® is a nationally recognized modeling tool used by the U.S. Environmental Protection Agency (EPA), state energy and environmental agencies, and private sector firms such as utilities and generation companies.

macroeconomic study estimates that the impact of the remainder of the proposed Program revisions[4] on the economies of the Participating States, including New York, were generally positive, albeit small. Under the Case B framing, the cumulative change in employment in New York associated with the revisions to the Program is estimated to be about 646 additional job-years (<0.001%) over the period 2025 to 2040. A job-year is equivalent to one person employed for one year. Under the Case B framing, incremental gross state product and personal income are estimated at $777 million (0.003%) and $1.7 billion (0.009%), respectively (in fixed 2022 dollars with a 3% annual discount rate). Under the Case A framing, the cumulative change in employment in New York associated with the revisions to the Program is estimated to be about 54,928 additional job-years (0.025%) over the period 2025 to 2040. Under the Case A framing, incremental gross state product and personal income are estimated at $7 billion (0.023%) and $2.7 billion (0.015%), respectively.

REGIONS OF ADVERSE IMPACT

No specific regions of the State are anticipated to face direct adverse impacts, this is a statewide program and impacts on jobs and bills are anticipated to be very minor and positive. A statewide analysis of the impacts of these revisions on electricity prices in New York State was performed. The analysis predicts that New York's wholesale electricity prices are projected to be between $2.05/MWh and $6.20/MWh (2022 dollars) higher in 2037 than the Reference Cases. While wholesale electricity prices are projected to increase, after accounting for the investment of auction proceeds in efforts such as energy efficiency and the benefits of indexed Renewable Energy Credits, ratepayer costs are expected to slightly decrease over time. Under Policy Case A, bill impacts are estimated to decrease $0.10/month (-0.14%) for a representative residential customer. Similarly, for representative commercial and industrial customers bill impacts are estimated to decrease $0.93/month (-0.24%) and $35.50/month (-0.31%), respectively. Under Policy Case B, bill impacts are

[4] The estimated impact of the RGGI Program is the increment calculated as the difference between the Reference Case and the "91 Cap Bank MR IPM Scenario."

estimated to decrease $0.24/month (-0.27%) for a representative residential customer. Similarly, for representative commercial and industrial customers bill impacts are estimated to decrease $2.17/month (-0.44%) and $82.67/month (-0.57%), respectively.

MINIMIZING ADVERSE IMPACT

The Department would implement the proposed Program revisions through a cap-and-invest program because allowance-based cap-and-invest systems are a cost-effective means for implementing emission reductions from large stationary sources. The regulatory flexibility inherent in a cap-and-invest program, as well as the flexibility provided under the revisions to the Program, including the expanded CCR, and adjustment of set-asides, helps to ensure continued reliability and adequacy of the State's electricity supply, assists in the furtherance of public health, and is necessary for continued industrial development and preservation of physical property, while minimizing any potential adverse employment impacts.

SELF-EMPLOYMENT OPPORTUNITIES

The proposed regulations are not expected to have a measurable impact on self-employment opportunities.