



**TO:** Jackie Bray, Director of State Operations  
**FROM:** Doreen M. Harris, President and CEO  
**RE:** Likely Costs of CLCPA Compliance  
**DATE:** February 26, 2026

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If fully implemented with regulations to meet the 2030 targets, CLCPA's original design—differing accounting standards from the internationally-accepted approach and inflexible near-term targets—would combine to yield high costs to New York households and businesses. Addressing this cost escalation is essential to deliver a policy that supports affordability and economic competitiveness and is necessary to ensure continued progress on decarbonization policy.

Absent changes, by 2031, the impact of CLCPA on the price of gasoline could reach or exceed \$2.23/gallon on top of current prices at that time; the cost for an MMBtu of natural gas \$16.96; and comparable increases to other fuels. Upstate oil and natural gas households would see costs in excess of \$4,000 a year and New York City natural gas households could anticipate annual gross costs of \$2,300. Only a portion of these costs could be offset by current policy design.

## **Estimated near term compliance costs with CLCPA**

In order to fully comply with CLCPA's current emissions targets with a cap-and-invest program, such a regulation would omit limits on potential allowance prices. Leveraging previous analysis, NYSERDA is able to provide an updated, conservative estimate for likely allowance prices and estimate the compliance costs to differently situated households and businesses.

The estimated allowance price would begin in the neighborhood of \$120/ton and rise to \$179.80/ton by 2031 in real terms. There are reasons to believe that this cost is an underestimate. The first of these is that the modeling was carried out prior to the updates incorporated in the State Energy Plan, meaning that the model doesn't reflect the current hostile and disruptive federal government, which is revoking essential tax credits and regulations, as well as implementing costly tariffs and increasing inflation.

Also, the acceleration of clean energy deployment represented by the model as required to achieve the CLCPA's targets is infeasible today. In particular, there is a lack of market capacity to deliver the volume of renewable energy, electric vehicle (EV) sales, heat pump and building shell deployments, etc. that would be called for, and it is also difficult to envision how all actors in the State could adequately ramp up to spend the \$28 billion that such a policy would generate annually quickly after program launch.

Notwithstanding these cautions, the modeled price would lead to high burdens to New York households, especially those unable to install lower emissions technologies. Included below are