



Clean fuel groups pushing for carbon credit system

Similar to carbon tax, would create incentives to move from old-style fossil fuels

Rick Karlin
Jan. 17, 2020

ALBANY – A broad coalition including environmentalists as well as biofuel, electric vehicle and other alternative transportation companies, are urging the Cuomo Administration to adopt a Low Carbon Fuel Credit that would help them, but would require traditional fuel firms such as diesel or gasoline suppliers to purchase carbon credits going forward.

Similar in some ways to a carbon tax, the Credit aims to incentivize the faster adoption of electric vehicles and clean fuels. That would be an important move in light of the state's large transportation sector and the push to reduce greenhouse gases.

"It provides incentives for them," Julie Tighe, president of the New York League of Conservation Voters, said of fuel and transportation industry players.

The state's new Climate Leadership and Community Protection Act calls for aggressive reductions in carbon emissions, which scientists say are aggravating global warming. And transportation – trucks, buses, cars, trains and planes – are a major source of greenhouses gases.

As a result, policymakers want to adopt more electric or clean vehicles. That's expensive, however, especially when it comes to large organizations like bus systems.

Electric buses recently purchased by the Capital District Transportation Authority, for example, cost about \$900,000 compared to \$500,000 for a traditional diesel model. Lower operating costs, including savings on fuel and maintenance, do narrow that gap somewhat.

“The reality is that transit agencies will seek state assistance to fund the transition of more than 1,400 buses to all-electric at a time when the State is facing budget shortfalls,” reads part of the letter, referring to upstate bus services like CDTA.

Under a carbon system, traditional fuel purveyors, such as oil wholesalers, would have to buy a certain amount of carbon credits from those who offer low-carbon fuel sources. While details have yet to be worked out, this would encourage businesses like wholesalers to offer cleaner fuels such as biodiesel.

The alliance pushing the idea, Clean FuelsNY, includes “clean transportation” businesses as well as environmental groups such as the Natural Resources Defense Council and American Lung Association.

Among the businesses and groups are ChargePoint, which operates electric vehicle charging stations, Nikola Corp., which designs hybrid trucks, Proterra, which makes electric buses, as well as the National Biodiesel Board.

The state would issue credits to, say, electric bus fleets, which would sell them to traditional diesel suppliers. This would provide incentives to pay for the admittedly costly move toward cleaner electric or biofuel-powered cars. Similar programs are already in place in California and Oregon.

Also supporting the plan is the state’s forestry industry, which sees a market for the biodiesel and ethanol-based fuels that can be derived from trees and other biomass.

“There is the opportunity for low grade wood product markets,” said John Bartow, president of the Empire State Energy Association. Low grade describes the relatively smaller branches or treetops that remain when a large tree is cut down for lumber.

This isn't the only idea for using incentives and taxes to reduce the amount of carbon used in transportation.

Agencies like the New York State Energy Research and Development Authority and New York Power Authority, are working to get more "fast charging" stations for electric vehicles across the state. And there are rebates of up to \$2,000 for the lease or purchase of hybrid or electric vehicles. So far, 20,974 New Yorkers have used the rebate including 2,129 in the Capital Region, according to NYSERDA.

New York also is a member of the Transportation and Climate Initiative , a group of 12 Northeastern states and Washington D.C. looking to create a carbon cap-and-trade system for transportation.

That would be similar to the Regional Greenhouse Gas Initiative, or RGGI, that exists for power plants.

Other states in the Transportation initiative are Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, Pennsylvania, Rhode Island, Vermont, and Virginia. They are hoping to have a deal by 2022.