

# Severe Climate Act Impacts Threaten New York State

Massive price hikes and fuel shortages will hit unless the law is changed



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## EXECUTIVE SUMMARY

The threat is stark. The Climate Act requires the administration to promulgate regulations that “ensure” that the 2030 emissions reduction target is met. Governor Hochul has said her administration does not want to do so because the regulations are infeasible and ruinously expensive for New Yorkers. The court has ruled that either the law must be changed or the regulations must be issued. The ruling has been appealed, but the threat remains.

Clearly, the legislature must act on this threat. Our brief report outlines some of the most pressing issues lawmakers should consider. First and foremost is the fact that the regulatory mechanism includes rationing fuel use for transportation and heating. Such rationing is likely to create unacceptable shortages, including the possibility of homes running out of heat during winter months.

The so-called “cap-and-invest” regulations also include taxing the rations. In practice, this means raising the cost of fuel so high that its use is sharply curtailed. This severe cost impact is also unacceptable.

The situation is unfortunately complicated by the fact that Governor Hochul has failed to disclose the proposed regulations and their detailed costs. As a result, neither the legislature nor the people of New York State have access to the basic facts needed to evaluate the policy. This, too, is unacceptable.

## NEW YORK'S CLIMATE LAW MUST BE CHANGED TO PREVENT NEAR TERM SEVERE IMPACTS

New York Governor Kathy Hochul says the legislature must redo the Climate Act because New Yorkers cannot afford its 2030 emissions reduction target. This urgency stems from a court ruling that the Climate Act is in fact a law, not a political promise that can be ignored when

convenient. The law calls for an impossible 40% cut in New York's CO<sub>2</sub> and other GHG emissions (from 1990 levels) by 2030.<sup>1</sup>

The 2019 law, which remains one of the most ambitious in the country, gave the state Department of Environmental Conservation (DEC) until January 2024 to issue regulations that would ensure New York meets these binding greenhouse gas emissions targets. DEC never issued those regulations, so a number of activist groups sued. In court, DEC explained that issuing the regulations was "infeasible" because doing so "would require imposing extraordinary and damaging costs upon New Yorkers."

The judge simply ruled that the law is the law and gave New York State two choices: either change the law or issue the regulations. The court set a compliance deadline of February 6, 2026, giving the legislature only about one month to act once its session begins in early January. Changing a law this big that fast would be very hard. Hochul has appealed the decision, which gives a bit of breathing room, but the threat remains.

In my view, the appeal has little chance of succeeding because the law is clear and simple. It says the administration must promulgate regulations that "ensure" the 2030 target is met. The statutory deadline for issuing those regulations passed long ago. New Yorkers should take this massive threat very seriously, and the legislature should quickly change the law.

### THE 2030 CLIMATE TARGET IS INCREDIBLY INFEASIBLE

New York Governor Hochul has told the court that her administration cannot promulgate the regulations required to enforce the Climate Act's 2030 emissions reduction targets because they would be infeasible and ruinously expensive for New Yorkers. For all practical purposes, the targets are actually impossible, so the law must be changed.

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<sup>1</sup> Climate Leadership and Community Protection Act  
<https://legislation.nysenate.gov/pdf/bills/2019/S6599>

The law calls for a 40% reduction in CO<sub>2</sub> and other greenhouse gas emissions from 1990 levels by 2030. According to state data, emissions have already been reduced by about 10%, leaving a whopping 30% to go in less than four years.<sup>2</sup>

Most of the past reductions occurred in just two ways that are similar to America as a whole. Foremost is a switch from coal to natural gas in electric power generation. Second is the loss of manufacturing, helping to make China the industrial center of the world. Neither of these reduction measures is available or feasible to help hit the remaining 30% reduction.

According to the EIA, roughly 50% of New York's energy consumption is from petroleum.

About 80% of this is transportation fuel, especially gasoline, diesel, and jet fuel. It is clearly impossible to reduce transportation by 30%. In some cases, electrification is technologically feasible, but it cannot possibly be done at the needed scale in just four years.<sup>3</sup>

This is especially true given that much of the transportation is from out-of-state vehicles. New York stands between New England and the rest of America, so it gets a huge amount of through traffic. In addition, an estimated 20% of New York households heat with fuel oil. Winters are very cold, so we are not about to cut that by 30%.

The next biggest source of energy is natural gas, which accounts for about 30% of energy consumption, not counting electricity generation. Roughly 60% of households are heated with natural gas, as are most larger buildings, such as apartments, co-ops, offices, and stores. Here again, while electrification is theoretically possible, it is not possible to accomplish this conversion in just four years.

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<sup>2</sup> 2025 Statewide GHG Emissions Report Summary Report  
<https://dec.ny.gov/sites/default/files/2024-12/summaryreportnysghgemanagementsreport.pdf>

<sup>3</sup> New York End-use energy consumption 2023 estimates

<https://www.eia.gov/beta/states/states/ny/overview>

An additional complication is that the emissions required to be reduced by 30% include out-of-state emissions created by producing imported electricity and fossil fuels. This might include emissions from things like Texas refineries and Pennsylvania coal-fired power plants. New York obviously has no control over these sources.

Here is the climate law's incredible definition of the emissions that need to be reduced:

"Statewide greenhouse gas emissions" means the total annual emissions of greenhouse gases produced within the state from anthropogenic sources and greenhouse gases produced outside of the state that are associated with the generation of electricity imported into the state and the extraction and transmission of fossil fuels imported into the state.

New York imports almost all of the huge amounts of petroleum and natural gas that it uses. As a result, these out-of-state emissions are likely to be a significant fraction of those that are required to be reduced by 30% in just four years.

In addition, there are emissions from electric power generation. Roughly 40% of the natural gas consumed in New York is used to generate electricity. About 54% of the generated electricity is powered by natural gas, versus just 15% from renewables, mostly hydro. These proportions cannot be meaningfully changed in just four years.

New York State cannot cut emissions by the required 30% in just four years, so the 2030 target of the Climate Act is infeasible. The legislature must change the law, and the court has given them until February 6 to do so. After that, the court says it will impose the Climate Act, which would be incredibly harmful. This verdict has been appealed, but the appeal is unlikely to succeed, as the law is very clear.

### **THERE IS NO PLAN FOR ELECTRIC POWER**

There is a bizarre backstory on the electric power side of these enormous emissions cuts. There have been lots of seemingly serious planning documents prepared by New York State electric power offices that are actually fictional.

These so-called plans make extensive use of a fiction called “dispatchable emissions-free resources,” or DEFRs. It is acknowledged that DEFRs do not exist, except nuclear, which is not considered. As a result, there is no actual plan for meeting the Climate Act’s 2030 deadline.

Anyone interested in this electric power fiasco should check out the Pragmatic Environmentalist of New York, run by Roger Caiazza.<sup>4</sup>

Roger has steadily tracked and analyzed the climate law electric power issues for a long time, including submitting a large number of official comments that have been ignored.

### CLIMATE ACT INFEASIBILITY IS SHOWN IN THE 2025 NEW YORK ENERGY PLAN

The new energy plan projects huge compliance costs, but this plan does not meet the Climate Act’s 2030 target of a 40% emissions reduction. Instead, the plan states, “*Under the current set of assumptions and the Climate Act GHG accounting methodology, Current Policies will hit 40 percent economy-wide emissions reduction in 2038, while Additional Action will hit 40 percent reduction in 2037.*” So, not even close.

The Climate Act says the regulations must “ensure” that the target is met, so any regulations that actually comply with the law will be far more expensive. Notably, there is nothing in the energy plan about the cost of allowances, which should be enormous if the program is intended to force people to cut fuel use by 30% or more.

The plan runs to 2038, allowing time to implement widespread technologies like heat pumps. That timeline matters because this is not possible by 2030, leaving rationing as the only realistic compliance option.<sup>5</sup>

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<sup>4</sup> <https://pragmaticenvironmentalistofnewyork.blog/>

<sup>5</sup> <https://energyplan.ny.gov/Plans/2025-Energy-Plan>

## NEW YORK'S CLIMATE LAW WILL RATION FOSSIL FUELS AND TAX THE RATIONS

New York Governor Hochul says the emissions reduction regulations required by the Climate Act are infeasible and ruinously expensive. She has yet to explain this, so here is my simple assessment.

The regulatory program has two very different mechanisms. First, they ration your fossil fuels, and then they tax you heavily on the ration you get. The rationing is infeasible, and the tax is ruinous.

The program is called “cap-and-invest,” which sounds good. Note the missing word, which is “tax.” You need the tax to get the money to “invest.” A more honest name would be “cap, tax, and spend.”

The cap is the amount of each type of fossil fuel that can be sold to consumers during a given period. Permissions to sell this amount are called allowances, and they cost money.

Here is how the cap-and-invest website explains it. (There is almost no other publicly available information.)

“The Department of Environmental Conservation (DEC) and New York State Energy Research and Development Authority (NYSERDA) are designing a program that sets an annual cap on the amount of greenhouse gas pollution that is permitted to be emitted in New York. Under the program, large-scale greenhouse gas emissions sources and distributors of heating and transportation fuels will be required to purchase or obtain allowances for the emissions associated with their activities.”<sup>6</sup>

The cap is the ration, and the allowances are the ration tickets that have to be bought. Note that for heating and transportation fuels, the distributor, not the consumer, buys the allowances. Of

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<sup>6</sup> <https://capandinvest.ny.gov/>

course, these costs will be passed on to the consumers. We are mostly talking about gasoline and diesel for transportation, fuel oil for heating, and gas for heating and cooking.

Let's just look at the cap. These fuels are all essential for living, which makes rationing a very bad plan. The rationing cap has to come down very quickly, and by a large amount, under the Climate Act. Statewide emissions have to come down by a whopping 30% by 2030, just four years away.

Fuel use may have to come down even more because other emissions cannot be reduced that much. New York has provided no information about this looming threat, and there is no time to implement new technologies.

Rationing, by definition, creates shortages because it means people get less than they would otherwise use. Let's take home-heating fuel oil as a simple case. About 20% of New York homes are heated with fuel oil.

Say you live in one of these homes. Your fuel oil supplier has bought allowances for the coming year, and you get a share of that oil. But thanks to the cap, it is less than you burned keeping warm last year. How low will you have to turn your thermostat in order to get through the year on that much oil? There is no way to know because it depends on how cold it gets. If it is cold, you might run out of your allowed share in mid-December. Then what? The program is silent on this life-threatening question.

Moreover, if it is a cold year, then most people might run out of heating oil in winter. That would make for a grim Christmas.

The same is true for gas heat, but at a much larger scale, since most New York buildings are heated with natural gas. You cannot just suddenly use a lot less gas with a fixed amount allowed. It is a prescription for running out of heat in winter. This fiasco also applies, in more complex ways, to cars, trucks, and electricity.

Clearly, capping fuel use is infeasible. Energy is fundamental to our way of life.

## MOTOR FUEL RATIONING CHAOS LOOMS

Rationing gasoline and diesel under the Climate Act is a predictable prescription for chaos. It is the mobility these motor fuels provide that guarantees rationing to meet the 2030 emissions target will not work.

First, a little background. When the Climate Act was passed back in 2019, the utopian assumption was that a massive switch to EVs would quickly occur. As a result, lawmakers set a very aggressive 2030 emissions reduction target of 40%. Getting rid of internal combustion exhaust was thought to be beneficial, so the law actually specifies that poor communities should be targeted for the biggest cuts.

Of course, the EV switch never happened. Emissions reductions overall have only gone down 10% in almost seven years, mostly from switching from coal to gas in power generation. Under the Climate Act, the state faces an incredible mandatory 30% emission reduction to be achieved in just four years.

The proposed draconian mechanism for achieving this reduction is to ration the sale of fossil fuels, including gasoline and diesel. This is to be done under the cap-and-invest program. Reducing emissions by rationing motor fuel simply does not work, for several reasons, all due to mobility.

First and foremost, people living or working relatively close to the state line can simply drive over to fill up where their fuel is not rationed. In New York State, this is a large fraction of the population. In New York City, you can walk to New Jersey. In these cases, the amount of driving actually goes up, which increases emissions. This has to be factored into modeling how to meet the Climate Act 2030 target.

Second, if gas stations near New York's borders lose enough business to other states, they may end up with more fuel available to sell further inland. This displacement effect could also increase driving and, therefore, emissions.

Third, there are huge numbers of people who drive into New York and back out again, using less than a tank of fuel in the process. Some are visitors, others commuting, while others still

are just passing through. These drivers simply buy their fuel in another state. Their driving does not increase, but their emissions do not go down either.

Taken together, these three cases strongly suggest that emissions cannot be significantly reduced by rationing the sale of motor fuel. They certainly cannot be reduced by 30%. At the same time, the fuel distribution system could take a serious financial hit.

Some additional adverse behavioral changes are also likely to occur. One is people carrying a trunk full of jerry cans, especially if they have to drive long distances to obtain fuel. This practice can increase the number of people who are able to travel out of state to fill up.

Another is a behavior seen during the gas shortage scares of the 1970s. This is most likely to occur in the deep interior, where rationing actually works. Fearing a shortage, people keep their tanks full by topping off after using just a few gallons. This creates long lines at the pumps, accompanied by anger and frustration.

And, of course, where there's rationing, there's bootlegging. An additional feature of the cap-and-invest scheme is that the price of fuel will be driven way up as an "inducement" for people to use less. This hits the poor especially hard. If the price is much higher than in neighboring states, it will encourage people to install large tanks in applicable vehicles and transport fuel just like moonshine. Some might even purchase tank trucks.

In summary, the idea that New York State can significantly reduce emissions by rationing gasoline and diesel is unrealistic. The Climate Act assumed massive sales of EVs, which did not occur. The solution is not rationing; it is changing the law.

### **GOVERNOR HOCHUL MUST DISCLOSE THE "RUINOUS COST" OF THE CLIMATE ACT**

New York Governor Hochul has been saying for months that the regulations required by law to meet the Climate Act will be ruinously costly to New Yorkers. The draft regulations were reportedly finished a year ago. This suggests the governor is citing an official cost assessment.

So where are the numbers? Why has Hochul not released the cost figures so New Yorkers can see who gets hammered and by how much? Keeping these figures secret is outrageous. It should be a central election issue.

To begin with, the legislature needs to see these numbers immediately. Clearly, the Climate Act must be changed, and the legislature is gearing up for its 2026 session. Governor Hochul should submit a detailed assessment of these “ruinous” costs to the Energy Committee. Time is of the essence.

If this cost assessment is not forthcoming, the Energy Committee should hold hearings and demand to see the numbers. I am not familiar with New York law, but under federal law, a committee could subpoena such findings.

The legislature cannot fix the Climate Act until it knows how it is broken.

More deeply, the citizens of New York State have a right to see the specifics of this looming ruinous cost threat. Who gets hurt the most, and by how much? For example, are we looking at \$10-a-gallon gasoline or \$30? Are household electric bills doubling or quintupling?

One certainty is that deliberately driving up the cost of energy will hurt the poor the most. Energy represents a far larger fraction of their limited budgets than it does for the well-off. Moreover, raising the cost of energy raises the cost of many other essentials, including food.

The regulatory program that deliberately drives up costs is called cap-and-invest. In reality, it is cap, tax, and spend, because all forms of fossil energy are heavily taxed.

The tax has to be enormous because it must force fossil fuel use down by an incredible 30% or more by 2030. In official language, here is how the cap-and-invest website describes the program:

“Under the program, large-scale greenhouse gas emissions sources and distributors of heating and transportation fuels will be required to purchase or obtain allowances for the emissions associated with their activities. By applying a price to the amount of pollution, a cap-and-invest

program incentivizes consumers, businesses, and other entities to transition to lower-carbon alternatives.”<sup>7</sup>

In this context, “incentivizes” means making energy so expensive that usage falls far enough to meet the Climate Act target.

Note that there is no time left to “transition to lower-carbon alternatives.” For example, most of the millions of buildings in New York State are heated with natural gas. It is physically and economically impossible to convert more than a tiny fraction of these buildings to electric heat in just four years. Building electrification is likely one of the ruinous costs Hochul is referring to. Another example might be forcing people into electric vehicles. There are only so many ways to cut fuel use by 30% or more on such a short timeline.

We do not know where all these ruinous costs will fall because the data is being held secret by Hochul. Withholding this extremely consequential information from the public is unacceptable.

Perhaps Governor Hochul is hoping to keep this looming threat hidden until after the November election, in which she is running for re-election. In reality, this level of secrecy is itself a strong argument for voting her out of office. If the Climate Act requires severe economic damage to New Yorkers over the next few years, that fact should be a major election issue. That it is being concealed is disgraceful.

## CONCLUSIONS

The Climate Act’s 2030 target of a 40% reduction in emissions compared to 1990 is clearly infeasible. Governor Hochul knows the target is infeasible and ruinously costly, but she refuses to disclose these projected costs. This secrecy must end.

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<sup>7</sup> <https://capandinvest.ny.gov/>

The legislature must change the Climate Act to make it feasible and affordable. Ideally, lawmakers would have access to the governor's cost estimates to inform that effort, but the law must be changed regardless.

The court has ruled that if the Climate Act is not changed, it must be complied with, feasible or not. This ruling has been appealed, but the law appears clear, so the legislature cannot rely on the appeal to protect New Yorkers. They must act now to change the act and prevent its ruinous economic consequences.