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IETA Comments on NY DEC's Proposed Amendments to 6 NYCRR Part 242 CO2 Budget Trading Program

For more than 25 years, IETA has been the leading global business voice on robust market solutions to tackle climate change while driving clean finance at scale. Our organization represents a broad and diverse group of 300+ businesses, including those with clean assets, exposure and operations across New York and the globe. IETA's expertise is regularly called upon to inform carbon market solutions that deliver measurable climate outcomes while addressing economic competitiveness and affordability concerns.

IETA appreciates the work of all RGGI stakeholders in completing the Third Program Review and drafting the new Model Rule. We support the direction to maintain a robust market while achieving emissions reductions through provisions such as the declining cap, increased minimum price, and two-tiered Cost-Containment Reserve (CCR). We also note that the Program Review took much longer than anticipated at almost 4.5 years from announcement to completion. As RGGI plans to begin a Fourth Program Review by 2028, we encourage RGGI to set a clearer, pre-defined timeline for the Program Review going forward.

While we agree with removing the offsets provisions from the model rule¹, IETA disagrees with eliminataing offsets entirely. Although offsets were minimally used in prior years of the program, **this was largely due to the relatively low RGGI allowance prices combined with the rigidity of eligible offset methodologies**. With electricity demand and allowance price expected to significantly increase across RGGI states, **affordability features such as high-integrity offset credits are poised to become more important than ever across the regional market**.

¹ We support the decision to take offset methodologies out of the model rule because including them in the rule limited how they could be updated and modified as new technologies became available.

We believe that RGGI should now follow California’s lead in developing a new offset approach. In California’s Cap-and-Invest system, the California Air Resources Board (CARB) defines which offset categories are allowed, but certified third-party registries manage duties such as methodology updates and initial offset verification and approval.² Taking offsets out of the RGGI model rule to create an offset program at arm’s length could enhance program efficiency and ensure that affordability options are maximized. Even if RGGI as a whole decides not to proceed with offsets, IETA recognizes DEC’s ability to unilaterally allow offsets for New York-based compliance entities and would support this approach.

While there have been legitimate concerns about integrity for certain types of carbon credits used for voluntary goals, none of these concerns are relevant for the offset credits that RGGI proposed to use. **Credit quality across the board has been drastically improved over the last few years with the establishment of the [Integrity Council for the Voluntary Carbon Market \(ICVCM\)](#).** ICVCM approves carbon projects as Core Carbon Principles (CCP) certified if they achieve a set of ten benchmarks covering governance, emissions impact, and sustainable development. RGGI can consider adopting some of these principles for offsets or requiring that all RGGI offsets are CCP certified.³

If there is a concern about local pollution, we believe that it should be treated separately from the wider climate issue that RGGI is attempting to address. Nevertheless, we recognize the desire for the benefits of offset development to better the region where they are generated. **Accordingly, an option could be to mandate that a certain portion of compliance offsets originate from the state where they are retired.** California follows a similar approach in requiring that half of all compliance offsets provide Direct Environmental Benefits (DEBs) to the state.⁴ RGGI previously allowed only offsets from RGGI states to be used for RGGI compliance and we support continuing this approach.

² [California Offset Project Registries](#)

³ The ICVCM [Core Carbon Principles](#) are effective governance, tracking, transparency, robust independent third-party validation and verification, additionality, permanence, robust quantification of reductions and removals, no double counting, sustainable development benefits and safeguards, and contribution to net zero transition.

⁴ [Requirements for DEB projects](#)

In the years to come, there are several factors that could put upwards pressure on RGGI allowance prices, including data center growth, declining emissions caps, and extreme weather events. IETA strongly believes that in the face of these challenges, high-integrity offset credits are an important and environmentally sound mechanism to provide compliance flexibility and ensure affordability.

On behalf of IETA's 300+ member organizations, we appreciate this opportunity to provide feedback to DEC on the proposed amendments to 6 NYCRR Part 242 – CO2 Budget Trading Program.