



# HOW CAP-AND-INVEST PROGRAMS CAN PROMOTE AFFORDABILITY



“California’s [Cap-and-Invest] program is the strongest, most cost-effective emissions reduction program in the world.”

—  
Jacqui Irwin,  
California Assemblymember

## CUTTING POLLUTION AND CUTTING COSTS

States are looking for solutions to tackle pollution while cutting costs. Cap-and-invest is a powerful tool to do both: simultaneously cutting emissions while helping states reduce household energy costs. Below, we summarize research on how cap-and-invest is an engine driving significant cost savings and economic growth.

### Cap-and-invest revenues reduce costs and support energy affordability

- In California, households have received more than \$16 billion in credits on their utility bills, thanks to proceeds from the Cap-and-Invest program.
- Since the Regional Greenhouse Gas Initiative began, the program has raised more than \$9 billion in revenue — providing direct benefits to over 8 million households. Investments to date are projected to yield over \$20 billion in energy bill savings, a 4:1 savings return for every dollar invested.
- A study published by Resources for the Future found that in eight leadership states — Arizona, Colorado, New Mexico, Illinois, Michigan, Minnesota, Wisconsin and North Carolina — a cap-and-invest program that cuts electricity emissions 80% by 2030 would make electricity more affordable for households with strategic revenue use.

The modeling also found that proceeds from cap-and-invest would reduce household electricity prices by 6% on average.

### Under cap-and-invest programs, working families come out ahead

- California’s Cap-and-Invest program is projected to provide \$232 million in net savings for California families from 2031 to 2045. Lower income families stand to gain the most, with families earning \$70,000 or less projected to receive \$3.9 billion in net savings.



Solar photovoltaic installer examining racking for a PV array.

PHOTO CREDIT: GETTY IMAGES

- A study from Environmental Markets Lab found that California’s Cap-and-Invest program **could slash electric rates by 27-44% for low-income families** through targeted investment of the proceeds from electric utilities’ allowance allocation. Additional revenue to support affordability for electricity customers could provide even greater savings.
- Modeling from Greenline Insights shows that if New York were to implement a cap-and-invest program, households earning up to \$200,000 (nearly 85% of households) **would realize \$6.9 billion in net savings over the first decade — equivalent to roughly \$1,060 per household.**
  - Research from Resources for the Future and the NYC Environmental Justice Alliance on a potential New York program also found that, with a targeted dividend approach, **nearly all households earning under \$200,000 per year will see net savings under a cap-and-invest program.**
  - These savings grow as households electrify or improve efficiency — actions that the program incentivizes. For example, cap-and-invest revenues **could help hundreds of thousands of New York households:**
    - **Upgrade to heat pumps** — saving them \$1,000/yr;
    - **Weatherize homes** — saving them \$660/yr; and
    - **Install rooftop solar** — saving them \$2,300/yr.

## Cap-and-invest supports economic growth and creates jobs

- Leading states are proving that **greater climate ambition is an engine driving economic benefits and growth**, supporting job-creating infrastructure projects that strengthen local economies.
- In California, Cap-and-Invest is projected to **create 287,000 new jobs and generate \$55 billion in economic activity** from 2031 to 2045.
- Washington’s program is projected to **create 45,000 jobs and unlock \$9 billion in economic growth over eight years.**
- New York’s proposed cap-and-invest program is projected to **create over 300,000 new jobs and generate \$48 billion in economic activity** over a decade.

## CAP-AND-INVEST IS POLITICALLY POPULAR WHERE VOTERS EXPERIENCE ITS BENEFITS

- **Washington** voters **successfully defended their Cap-and-Invest program** on the ballot in 2024, beating a well-funded repeal attempt by a 24-point margin. An unprecedented **coalition of 500+ groups** including businesses, labor unions, environmental, environmental justice and community groups came together, championed the tremendous economic benefits and investments that were at stake with the program — and won.
- **California’s** Cap-and-Invest program alone has generated **over \$30 billion in investments** since 2013 and directed **\$16 billion to reduce household energy costs** through utility bill credits. Polling shows that **2/3 of Californians support Cap-and-Invest.** In September 2025, the legislature voted to extend the program, with Governor Newsom highlighting Cap-and-Invest as a **tool to address affordability**, against a political backdrop where that issue was front of mind with voters.
- In 2025, voters in **Virginia** and **New Jersey** elected Governors who would keep their states committed to the Regional Greenhouse Gas Initiative — a longstanding multi-state cap-and-invest program that slashes power plant pollution — defeating candidates actively campaigning against the program. Following Governor Spanberger’s victory in Virginia, the state legislature moved swiftly in early 2026 to pass legislation that would immediately re-enter the state into the program.

**Well-designed cap-and-invest programs that deliver visible community benefits are politically durable and popular, leading to lower household energy bills, cleaner air, new jobs and strong economic growth.**

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