

# Vermont Participation in the Transportation and Climate Initiative – Public Update #2

Winter 2020

# Meeting Goals

- Review of TCI program proposal
- Review of latest modeling results
- Get your feedback
- Next steps

# Why Should We Reduce Emissions?

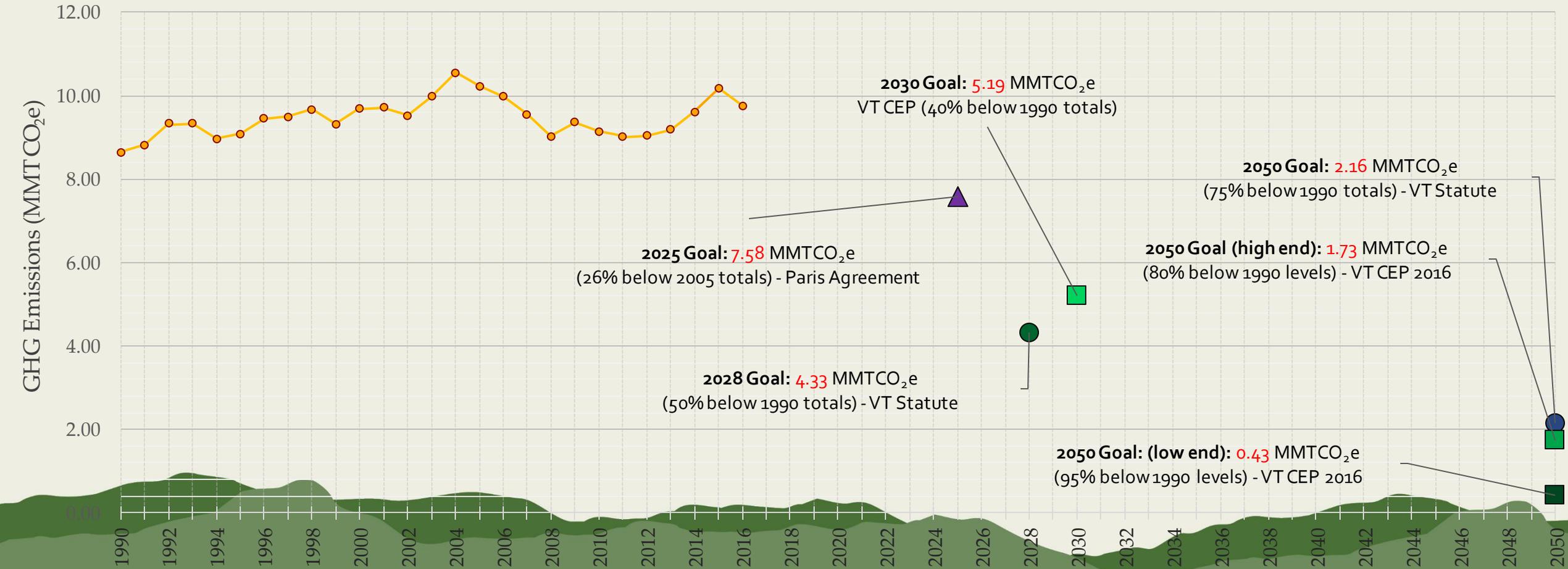


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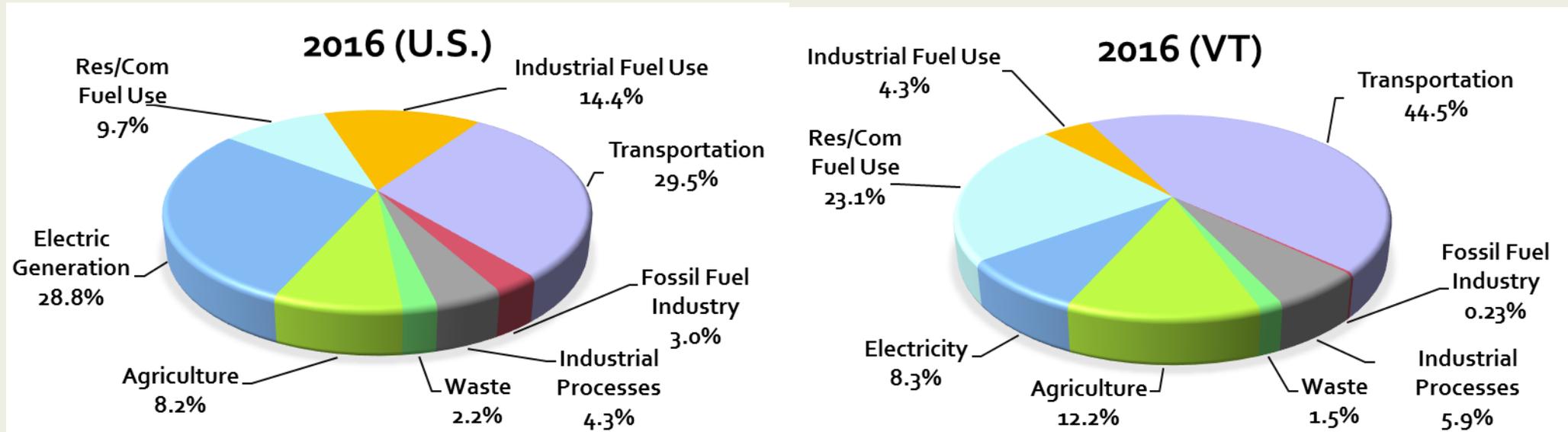
- VT Federal Disaster Declarations
  - 2011: 4 events (inc. Irene), \$234M
  - 2012-2018: 1-2 events a year, average \$2.8M
  - 2019: October flood event est. \$4.5M

# Vermont GHG Emissions

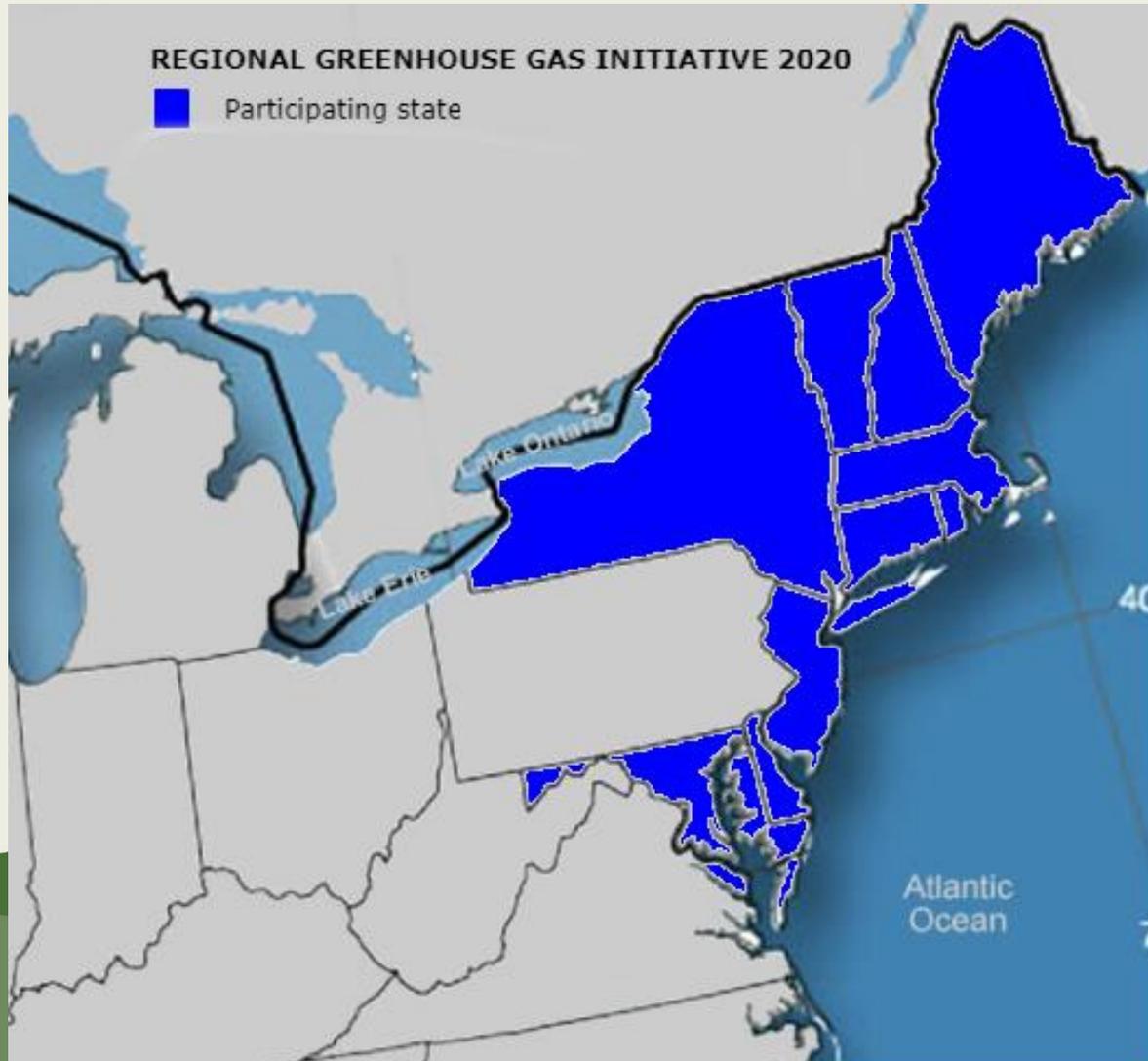
## Vermont - Future Emissions Goals



# Why Focus on Transportation Emissions?

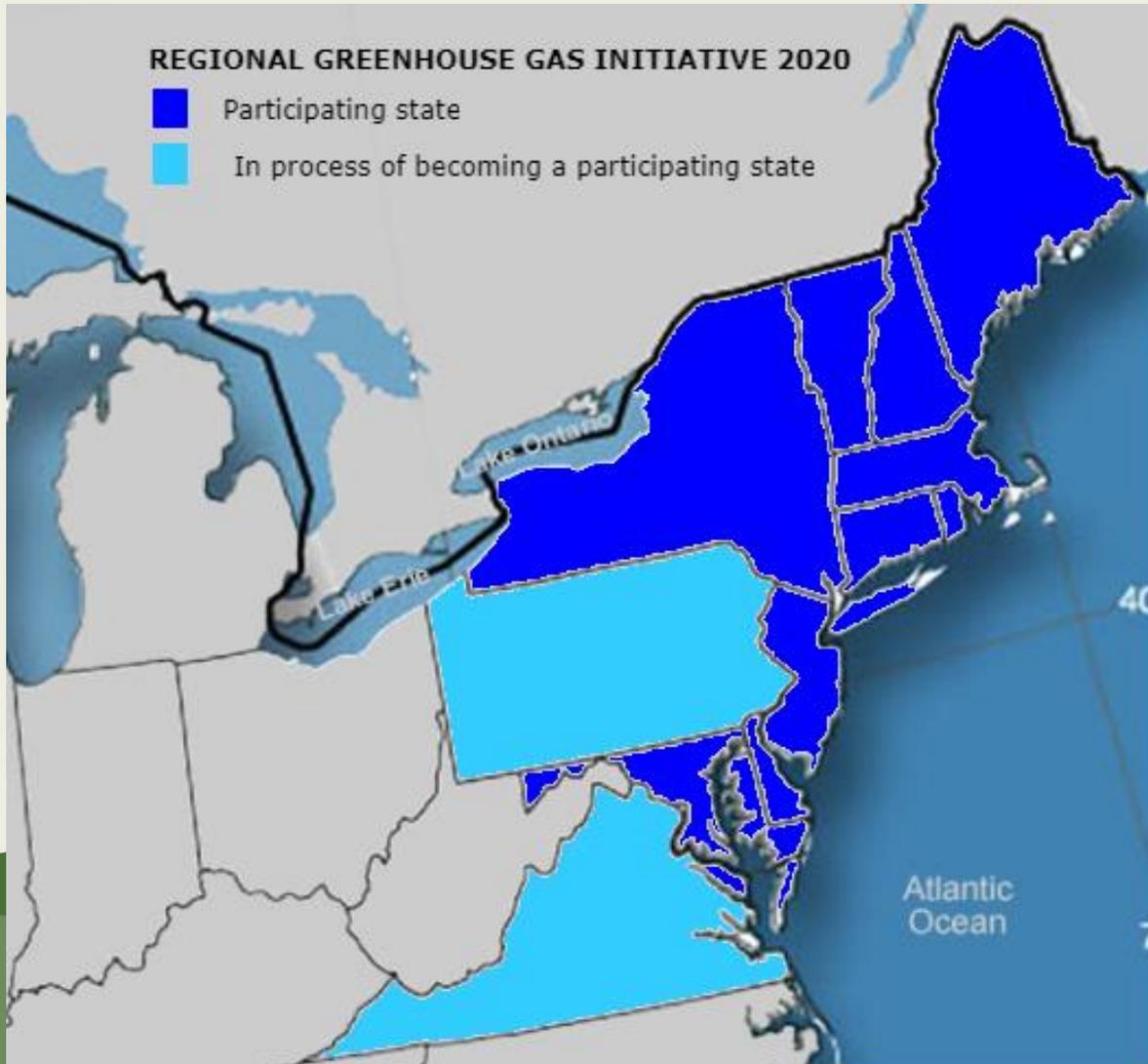


# Regional Model for Success - RGGI



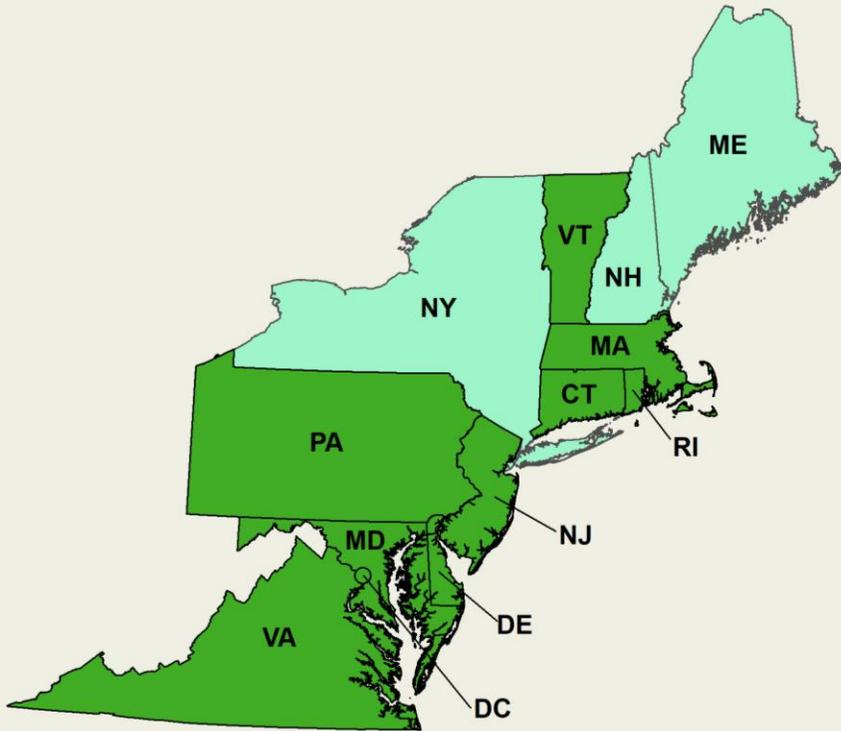
- Nine Northeast and Mid-Atlantic states launched RGGI in 2009
- Major power plants are required to buy allowances at auctions or from each other
- States invest revenue into efficiency and other initiatives that drive down consumer demand
- Contributed to over 40% reduction in emissions at lowest cost
- Lifetime energy bill savings of \$9,271,415,070 (as of 2017)

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# TCI Overview



- Working since 2010 to address transportation emissions
- Engaged the public in regional listening sessions in 2018
- December 2018 – jurisdictions commit to year-long joint program development
- Program goals
  - Reduce carbon emissions
  - Utilize a market-based mechanism (cap-and-invest)
  - Invest proceeds to reduce emissions, increase resiliency, and provide net economic and social benefits

# TCI Regional Policy Proposal Schedule

Current Stage



October 2019  
Release draft regional policy proposal framework

Oct-Nov 2019  
Gather public input on framework

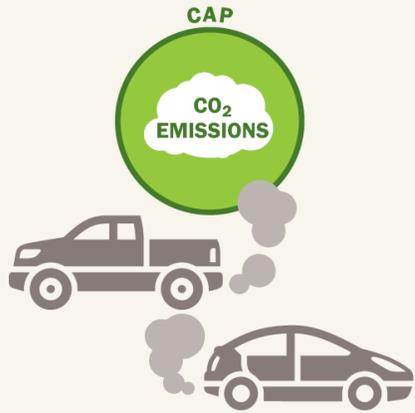
December 2019  
Release regional policy proposal as draft Memorandum of Understanding (MOU)

Spring 2020  
Gather and consider public input on Draft MOU and release final MOU.

Spring-Fall 2020  
States develop a model rule, take legislative steps to implement regional program

2022  
Program implementation begins

# Cap and Invest: How it Works



## CAP

A limit, or cap, is set on the amount of carbon dioxide (CO<sub>2</sub>) that is released from vehicles using transportation fuels. The initial cap is based on a baseline or “business as usual” scenario and that cap may be reduced over time.

## ALLOWANCE

Transportation fuel suppliers must obtain an allowance for every ton of carbon dioxide resulting from the fuel they sell.

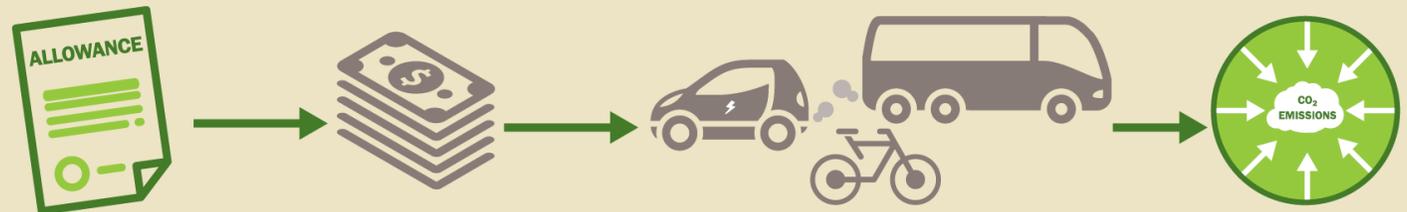


## AUCTION

The total number of available allowances is limited based on the cap. An auction is held. Transportation fuel suppliers (and other entities that wish to trade or retire them) can bid on available allowances.

## INVEST

States receive payments based on the revenues raised from the sale of allowances. States invest proceeds to reduce transportation carbon emissions through subsidies of lower carbon transportation options.



# TCI Program Framework

Equity • Affected Fuels and Emissions

Regulated Entities • Emission Reporting Requirements

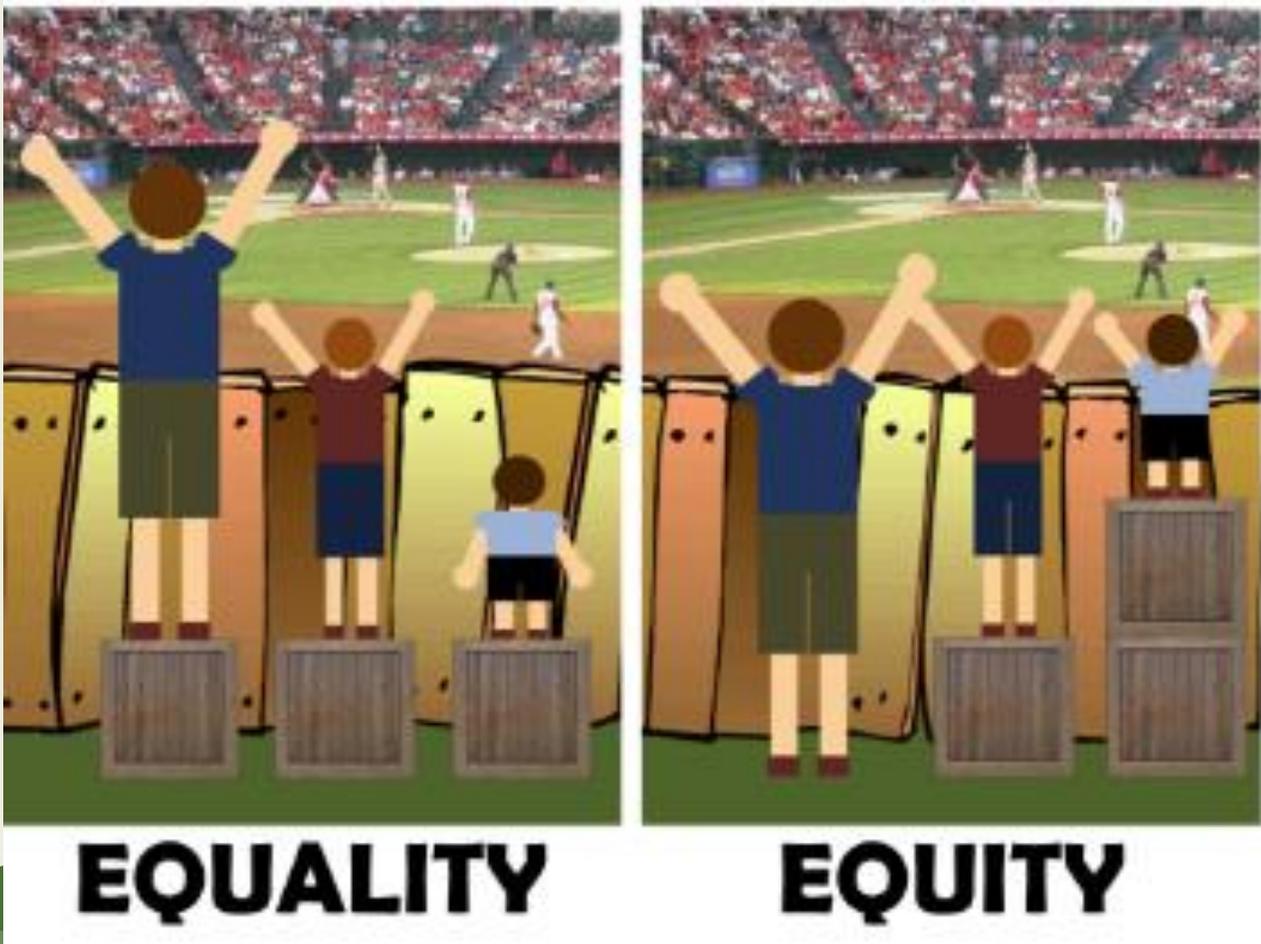
Monitoring and Verification • Flexibility & Cost Containment

Auctions and Allocation • Regional Caps & Allowance

Budgets • Market Monitoring & Auction Administration

Investment of Proceeds • Complementary Policies

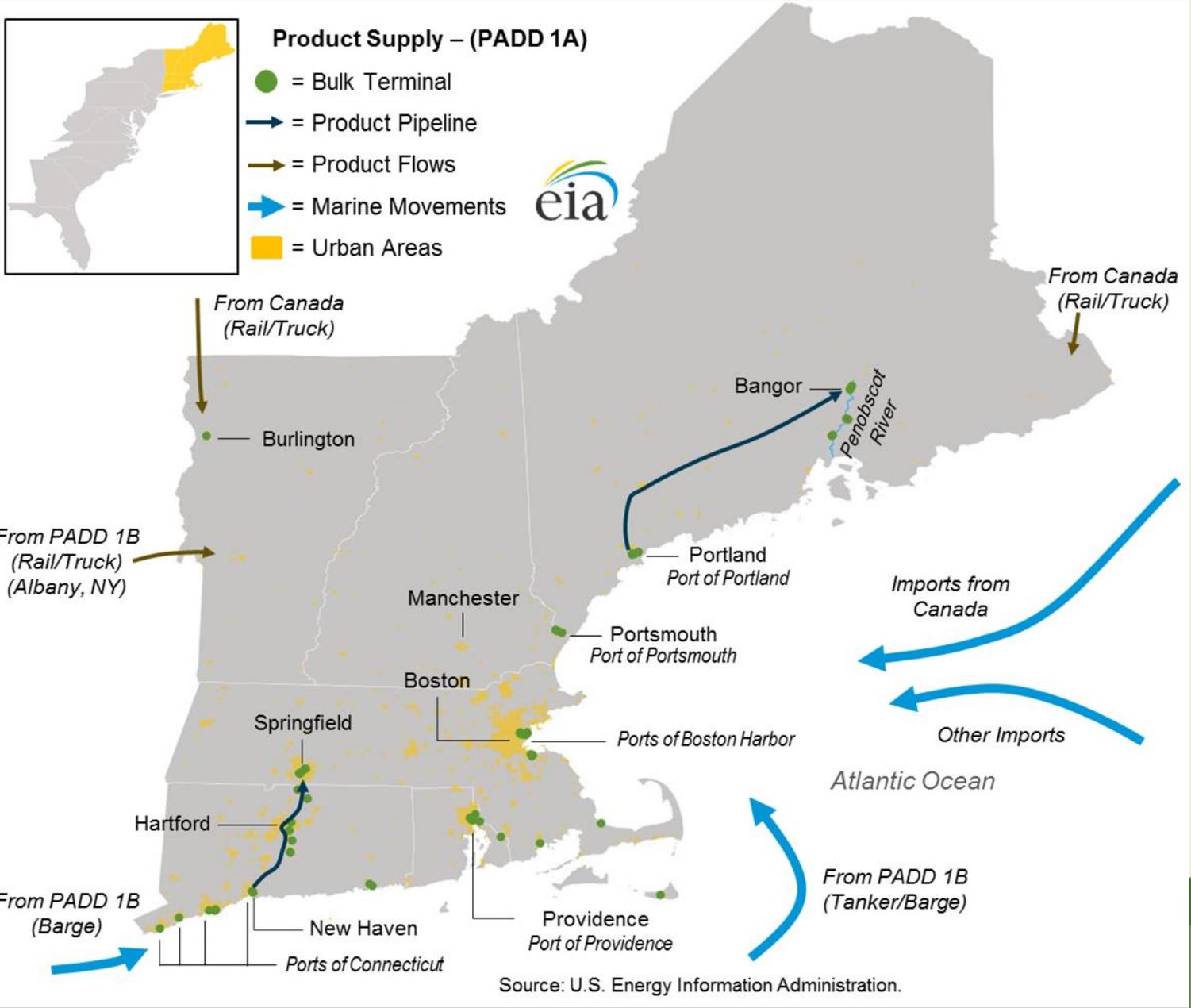
# Equity



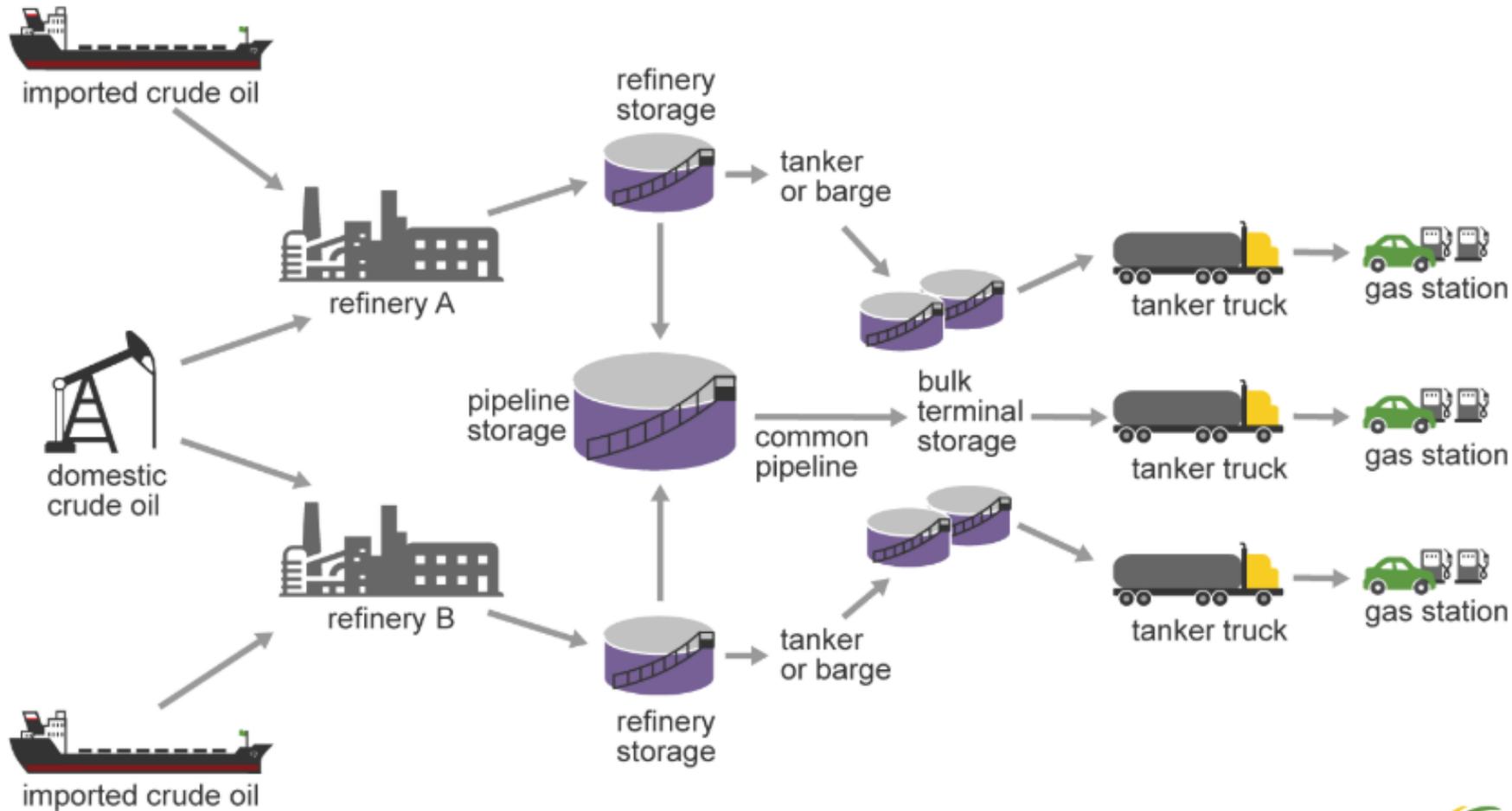
- Fundamental tenant of program
- Addressed at the state level
- In VT, issues are affordability and access to options

# Affected Fuels and Emissions





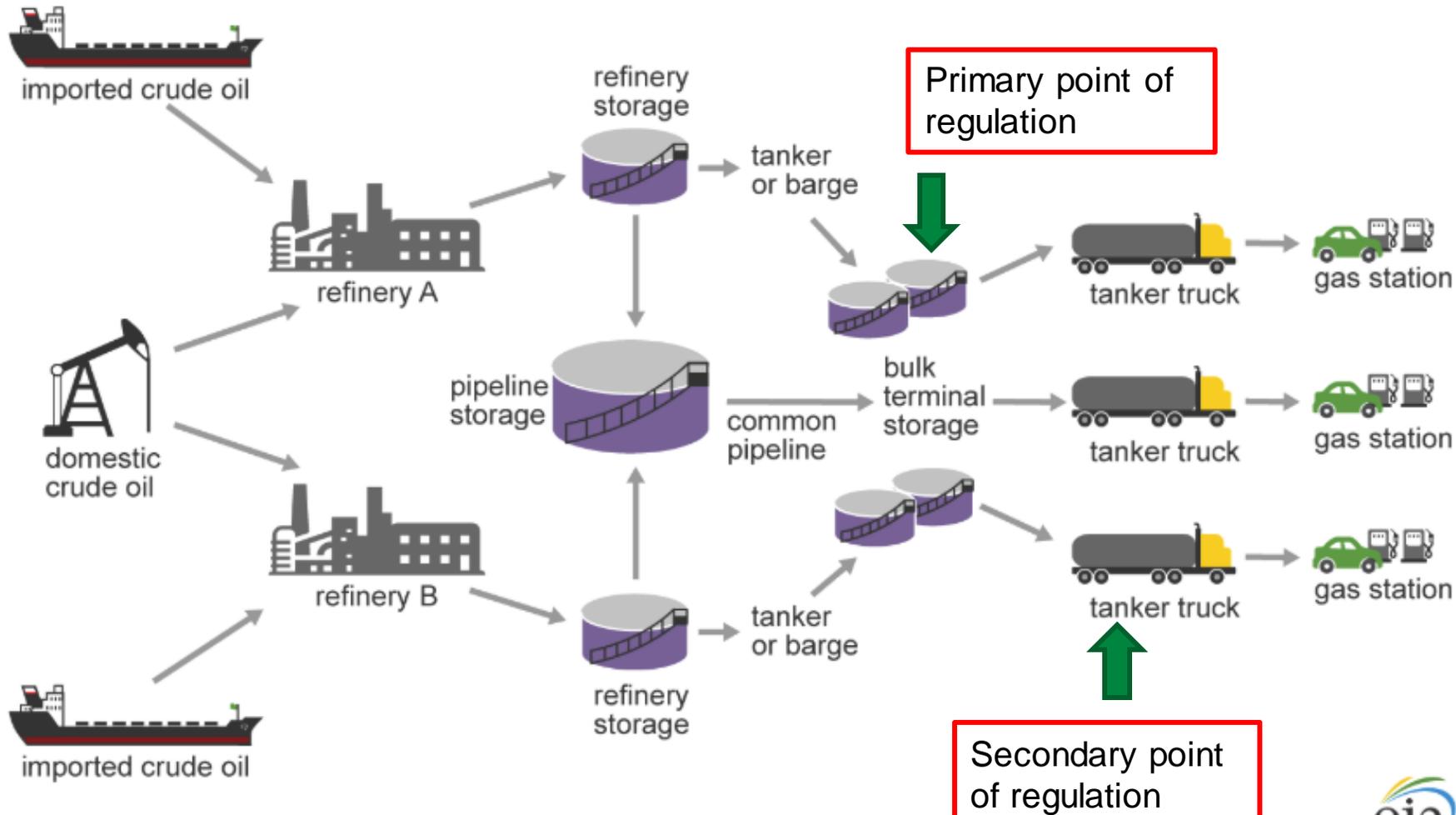
# Flow of crude oil and gasoline to your local gas station



Source: U.S. Energy Information Administration



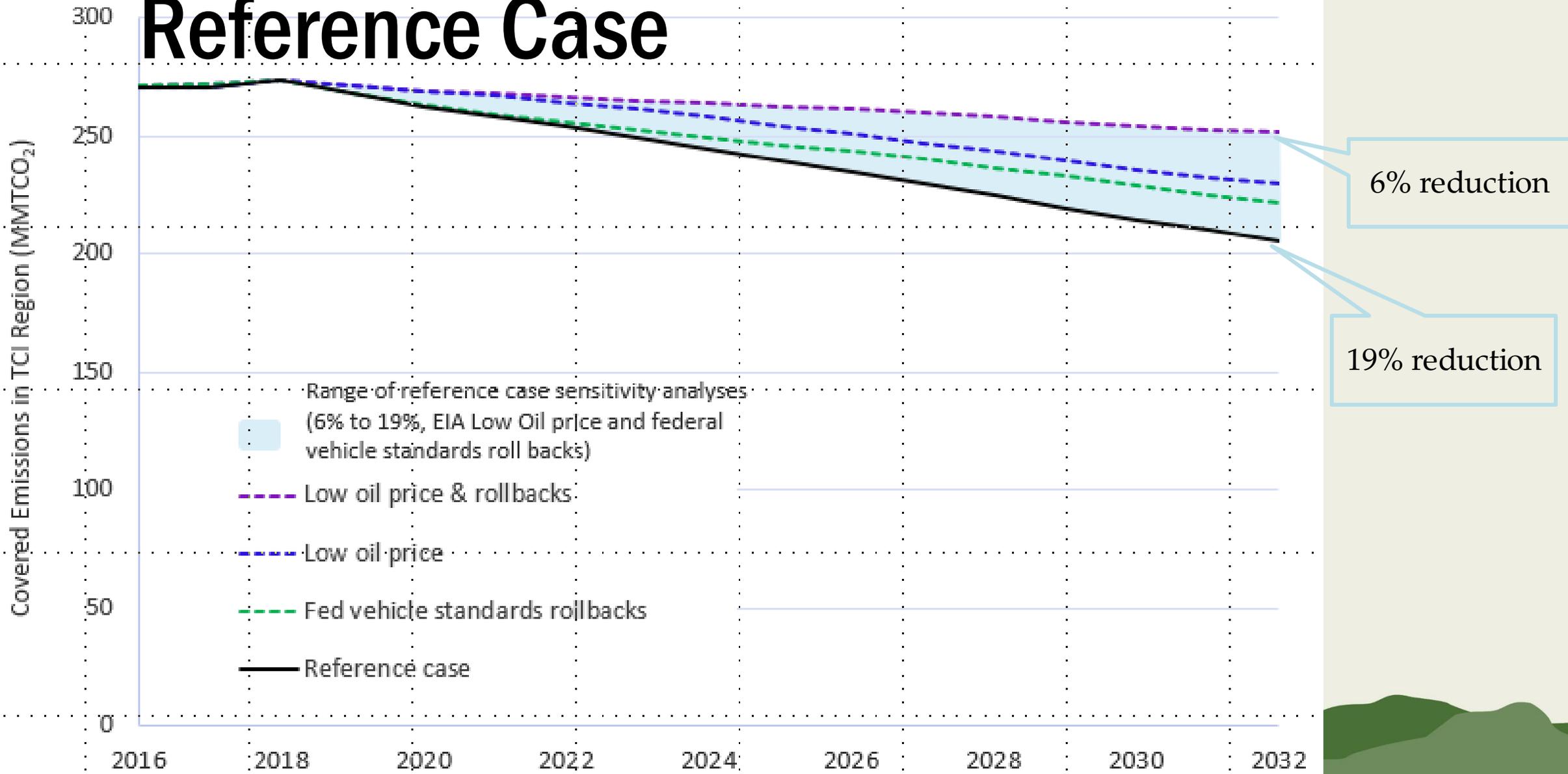
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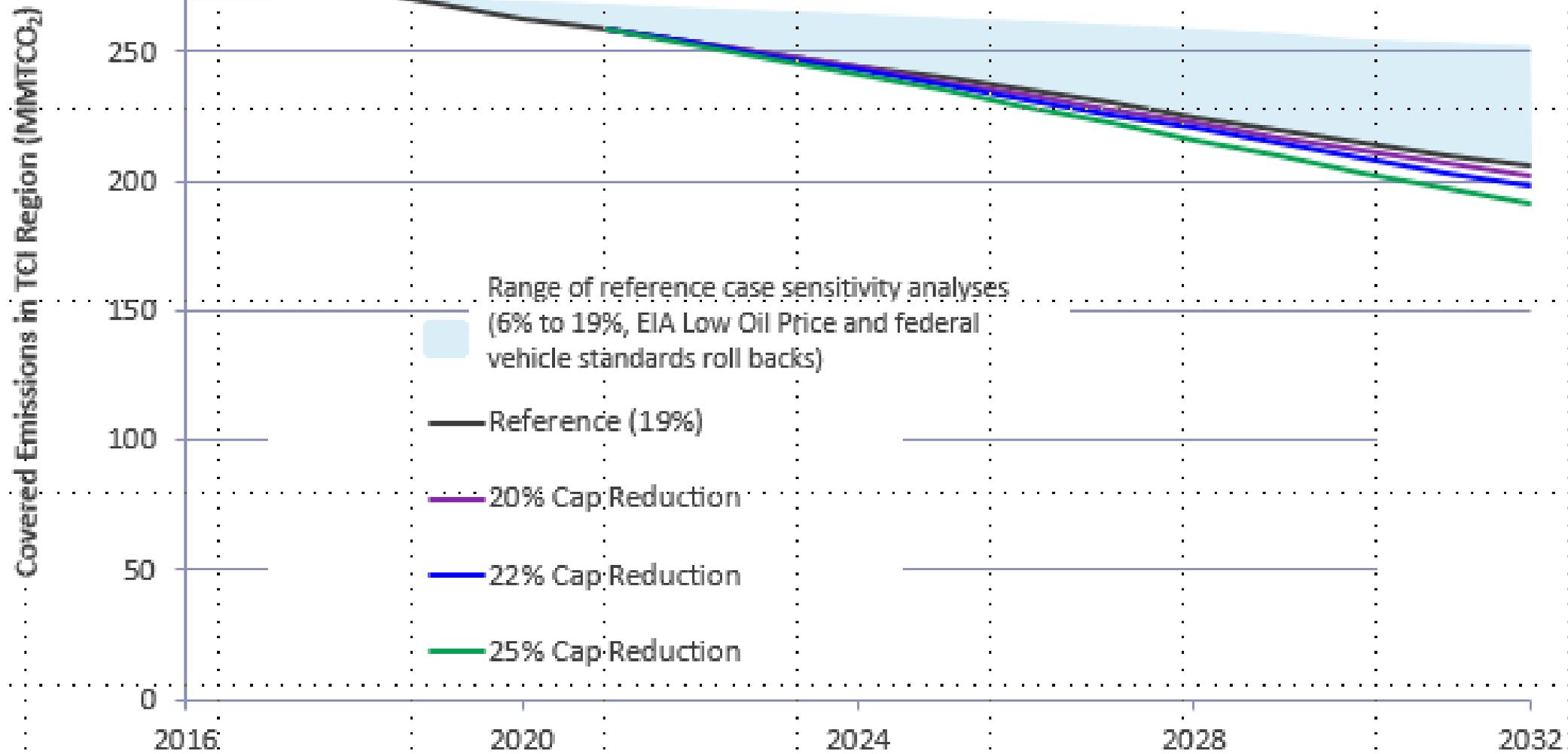
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# Reference Case

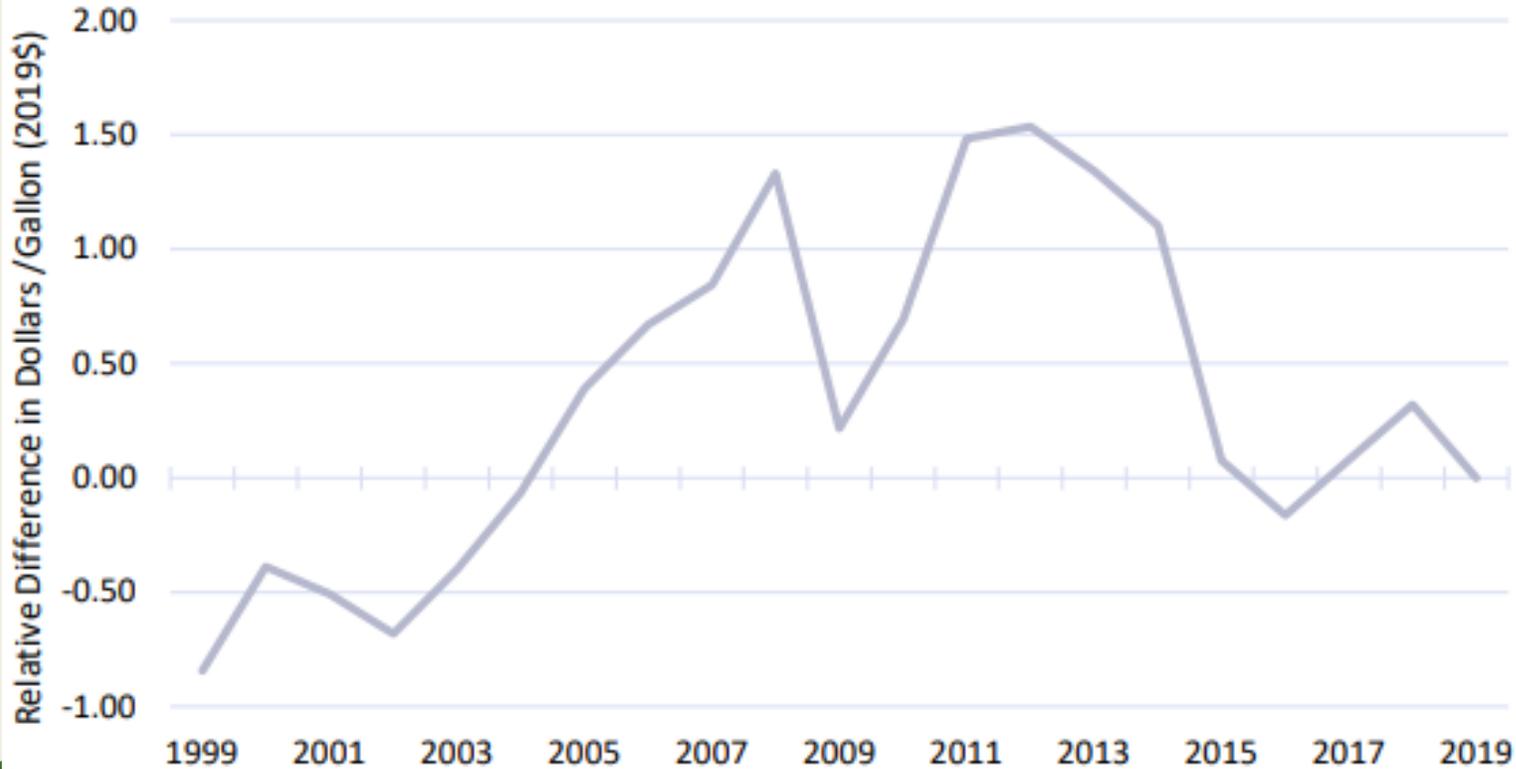


# Policy Cases - Emissions

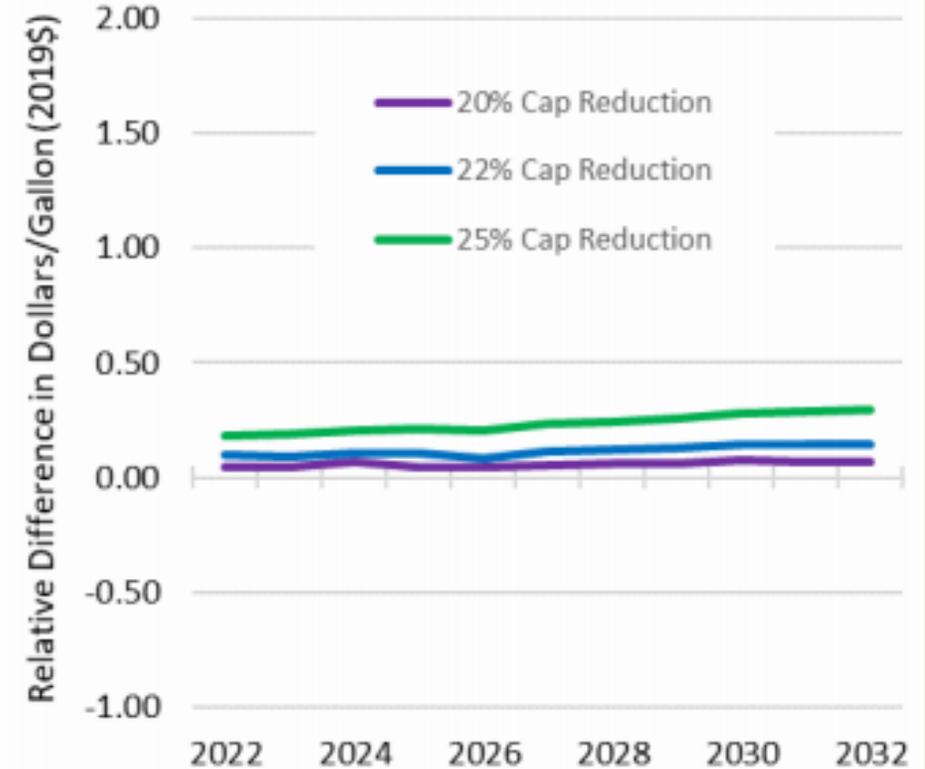


# Policy Cases – Fuel Price

## Historical Variation in Gasoline Prices Relative to 2019 Price



## Projected Change in Gasoline Prices Relative to Reference Case\*



# How would this impact Vermonters?

	20% Cap Reduction with Investments		22% Cap Reduction with Investments		25% Cap Reduction with Investments	
	Policy Case		Policy Case		Policy Case	
	2022	2032	2022	2032	2022	2032
<b>Allowance Prices</b>	\$6	\$9	\$11	\$18	\$22	\$36
<b>Price Increase at the Pump</b>	\$0.05	\$0.07	\$0.09	\$0.14	\$0.17	\$0.29
<b>Total Regional Proceeds</b>	\$1.4 B	\$1.8 B	\$2.8 B	\$3.6 B	\$5.6 B	\$6.9 B
<b>Vermont Proceeds (est.)</b>	\$18 M	\$23 M	\$33 M	\$43 M	\$66 M	\$80 M
<b>Public Health Benefits (Regional)</b>	-	\$3.2 B	-	\$6.4 B	-	\$10.5 B

# Investment of Proceeds

- Each jurisdiction decides independently
- Jurisdictions may have shared priorities
- Commitment to equity and meaningful community engagement

# Investment of Proceeds

- Mitigating impact
- Smart Growth
- Electric vehicles
- Transit expansion and upkeep
- Active transport (bike/ped)
- Ride sharing



# Complementary Policies

- To realize additional emissions reductions
- Also improve air quality, safety, and provide more transportation options
- Examples include coordinated infrastructure planning, land use planning, innovative financing

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# How Do I Add My Voice?

TCI Online Regional Stakeholder Comment  
form:

[tinyurl.com/VTTCl](https://tinyurl.com/VTTCl)

Comments requested by Friday February 28

# Where to learn more?

[anr.vermont.gov/content/transportation-and-climate-initiative](https://anr.vermont.gov/content/transportation-and-climate-initiative)

# TCl Vermont Contacts

Agency of Natural Resources – Peter Walke

VTrans – Michele Boomhower

Department of Public Service – Riley Allen

Agency of Commerce/Community

Development – Ken Jones