

Vermont Participates in Regional Effort to Reduce Greenhouse Gas Emissions from Transportation

Vermont is committed to addressing the greenhouse gas emissions that lead to climate change.

The largest segment of Vermont's greenhouse gas (GHG) emissions come from the transportation sector, representing 43 percent of all emissions.

In December 2018, Vermont joined 11 other northeastern states and the District of Columbia as part of the Transportation and Climate Initiative (TCI) to develop a regional policy proposal addressing transportation-related greenhouse gas emissions. Working regionally, Vermont will be able to reduce transportation emissions in a way that keeps us economically competitive with our neighbors.

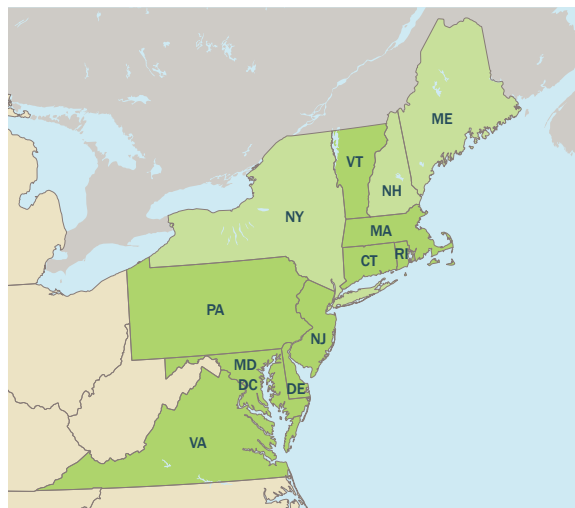
Investing in Vermonters

All pollution reduction mechanisms have compliance costs. These costs are eventually paid by consumers. The TCI jurisdictions are working to develop a "cap and invest" system that would drive down the price of compliance and lessen the cost to consumers. This effort would provide a mechanism to reduce fossil fuels used for transportation by establishing an auction for transportation related carbon emissions. Major suppliers of transportation fuels would participate in the auction based on the volume of fuel they sell to the Northeast. A regional emissions cap will be established for the transportation sector. A market will determine the price per ton of carbon to meet a regional cap.

In the proposal under development, participating states would choose how to best invest auction proceeds to reduce the demand for transportation-related fossil fuels. Investments would also ensure low-income residents in rural and urban areas as well as fuel-intensive transportation businesses can access affordable transportation fuels and services.

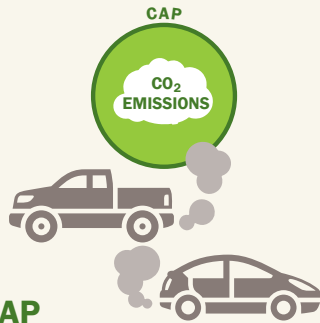
THE INVESTMENTS COULD INCLUDE:

- Incentives for electric vehicles and other vehicle efficiency programs
- Expanded investments in transit
- Incentives to influence land use decisions that lead to decreased demand for single occupancy vehicles



TCI Jurisdictions. Twelve states and the District of Columbia are developing a regional policy proposal to address transportation related GHG emissions as part of the Transportation and Climate Initiative (TCI). Nine states (including Vermont) and DC signed onto the Declaration of Intent in 2018 that provides a starting point for the regional policy proposal. The other three continue to participate in the policy development.

Cap and Invest: How it Works



CAP

A limit, or cap, is set on the amount of carbon dioxide (CO₂) 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.

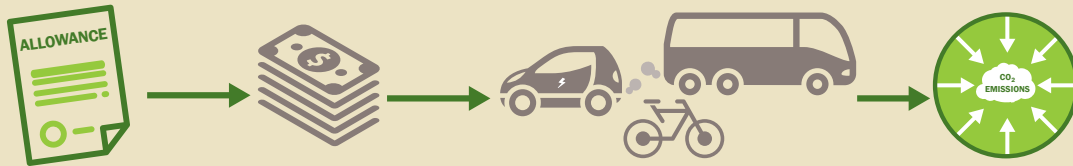


AUCTION

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 builds on the existing RGGI model

TCI is based on a similar “cap and invest” structure used by the northeast’s electricity suppliers. The Regional Greenhouse Gas Initiative (RGGI) has been in place since 2009. Under RGGI, facilities that generate electricity using fossil fuels must obtain allowances equal to the amount of carbon dioxide emitted by their operations. Facilities can acquire allowances during auctions or purchase them from other holders. The cap on carbon emissions from electricity generation decreases each year. The auction price for emissions reflects the cap as well as the cost of installing the new technologies necessary to meet the cap. These technologies include more efficient operations, renewable electricity, the replacement of coal and oil-fired generators with lower emitting alternatives, primarily natural gas systems.

States can use the RGGI auction revenue to invest in clean energy strategies. In Vermont, the proceeds have been used to help homeowners and businesses weatherize their buildings.

TCI representatives in the northeastern states are currently working on the details so that each state can decide on its participation during the program development phase in 2020, with a potential implementation start date of 2022.

To learn more about TCI and the public engagement activities that are available, visit the website:

anr.vermont.gov/content/transportation-and-climate-initiative.