The Transportation & Climate Initiative Background and Status

Presentation to the ACEC/MA
Transportation Agencies Liaison Committee
October 30, 2019



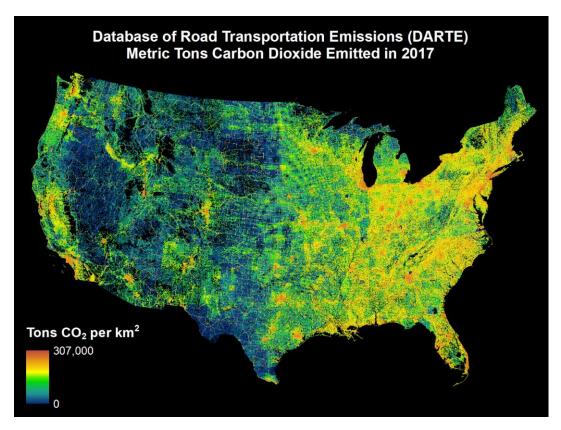
Goals of the Presentation

To brief the Transportation Agencies Liaison Committee on the regional Transportation & Climate Initiative (TCI):

- What problem are we trying to solve?
- What TCI is and what is it not?
- What are the goals and decision-making structure of TCI?
- What is the proposed program framework and what would it do?
- Where are we are in the process?



What Problem Are We Trying to Solve?

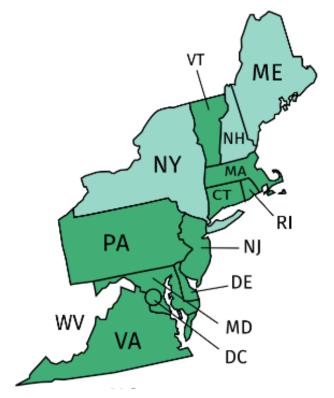


- Burning fossils fuels, including transportation fuels, releases CO₂ into the atmosphere.
- The transportation sector is the largest contributor to carbon emissions in the TCI region.



What is the Transportation & Climate Initiative?

- Voluntary collaboration among 13 Northeast and Mid-Atlantic jurisdictions to develop policy and programmatic ways to reduce transportation emissions.
 - Partnership of Massachusetts state agencies:
 MassDOT, the Executive Office of Energy &
 Environmental Affairs, the Department of
 Environmental Protection, the Executive Office of
 Administration & Finance, and the Department of
 Revenue.
- In December 2018, the TCI jurisdictions issued a joint statement committing to an intensive one-year process to design a regional transportation emissions-reduction program.
 - Modeled in part on the Regional Greenhouse Gas Initiative for the electricity sector.
 - The relationship among the states is positive and encourages compromise.
- TCI is <u>not</u> a regulatory or legal body, it cannot compel the states to participate or take particular actions, and it will not implement any eventual program.



Observing jurisdictions: Maine, New York, and New Hampshire



What Are the Stated Goals of the TCI Jurisdictions?

December 2018 - Joint Kick-Off Statement:

'...[to] design a regional low-carbon transportation policy proposal that would cap and reduce carbon emissions from the combustion of transportation fuels through a cap-and-invest program or other pricing mechanism, and allow each TCl jurisdiction to invest proceeds from the program into low-carbon and more resilient transportation infrastructure.'

"...[To advance] low-carbon transportation solutions for our region to improve the way people and goods move from place to place while addressing the threats posed by carbon and other pollution."

October 2019 - Draft Policy Framework:

'The TCI jurisdictions have committed to working with people and communities to develop and implement a regional policy that addresses the urgent need to reduce greenhouse gas emissions and other harmful pollutants generated by the transportation system, while seeking to improve equity, mobility and community engagement.'

'The TCI jurisdictions have committed to expanding low-carbon and clean mobility options in urban, suburban, and rural communities, particularly for populations and communities that are currently underserved by the transportation system or disproportionately adversely affected by climate change and transportation pollution.'



What is the TCI Decision-Making Structure?

- Leadership Team High-level representatives of every jurisdiction, both transportation and environmental agencies, set direction and make key decisions
 - Massachusetts is a co-chair
 - Meets monthly
- Executive Policy Committee Transportation and environmental agencies from every jurisdiction, considers and prepares decisions for the Leadership Team
 - Massachusetts is a co-chair
 - Biweekly calls
- Working Groups Populated by representatives from different jurisdictions, dive deeply into specific topics and issues
 - Technical Co-chaired by Massachusetts
 - Investment and Equity Co-chaired by Massachusetts
 - Legal Co-chaired by Massachusetts
 - Communications
 - Weekly calls
- The team approach has been productive and positive.



What is the Proposed Program Framework?

Cap and Invest: How it Works



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.





What Would the Proposed Program Do?

- The carbon-reduction potential of the program lies in two places:
 - Shifts in behavior that come from the new price signal
 - Transition to biofuels
 - Transition to low- and zero-emission vehicles
 - Transportation behavior change
 - New investments in projects and programs that can reduce driving, encourage shifts in fuels and vehicles, and/or reduce on-road emissions
 - New and better public transit
 - Low- and zero-emission buses
 - Bicycle and pedestrian infrastructure
 - Electric vehicle charging facilities
- The pending Transportation Bond Bill would commit 50% of any proceeds to the Commonwealth Transportation Fund for expenditure at the direction of MassDOT, EOEEA, and ANF.
- The intention is not to shock the economy or the mobility system but to gradually nudge changes in behavior and in the mix of investments.



Where Are We in the Process?

- Draft program framework released for public review on October 1st.
- Modeling work in support of program development is underway:
 - Emissions reductions
 - Energy use and consumption
 - Macroeconomic impact and job creation
 - Public health
 - Allowances prices
 - Changes in fleet composition and vehicle sales
- Model results will be based on assumptions about the future and will contain some uncertainties, but are directionally valuable for setting policy and the cap. Additional 'sensitivity' analyses will help us to understand the impact of different program designs.
- October/November Second round of public workshops in Massachusetts.
- December Release of a draft program proposal in the form of a draft MOU, accompanied by modeling results as well as potential costs and benefits of different program options.
- Spring 2020 Final Memorandum of Understanding (each jurisdiction will decide whether to sign).

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https://www.transportationandclimate.org/mainmenu/tcis-regional-policy-design-process-2019

