**Implementing Vermont’s Climate Action Plan**

The adoption of an initial Climate Action Plan (CAP) is a critical step in ensuring Vermont meets the requirements of the Global Warming Solutions Act (GWSA), setting the stage for immediate action. Implementing the plan will require government leaders to move with urgency to achieve its outcomes. Significant resources will be needed do this, as will continued engagement with Vermonters and transparent metrics to ensure accountability and communicate where progress is occurring, and where more work is needed. While significant investments are needed in the coming years, the successful implementation of this plan, and future iterations thereof, will help ensure a vibrant and resilient Vermont for future generations.

The objectives put forward in this plan will require not just the investment of significant public dollars, but must also recognize that investments and market forces will not necessarily create a just and equitable transition to a decarbonized economy by themselves. Equity must be at the center of how the State implements this plan, including a focus on strategies that consider the disproportionate impact of climate change on rural, low income, and marginalized communities and that programs and incentives for building resilience are designed to be accessible to all Vermonters and do not unfairly burden any groups, communities, geographic locations, or economic sectors.

This plan seeks to provide a roadmap for actions that will meet the state’s goals, urging leaders at all levels of government and society to consider how to prioritize investments toward these actions. Furthermore, for this plan to be successful, the support and engagement of Vermonters is critical — to mobilize a broad coalition of state, local, and regional governments, nonprofits, academic institutions, and private interests taking collaborative, decisive action. Significant and sustained investments, well-financed programs, properly capitalized lending entities and individual financial commitments will all be needed to implement the Climate Action Plan and realize important outcomes like the modernization of Vermont’s current housing stock and the development of new, energy-efficient housing that helps the state address its housing shortage; resilient natural and working lands to provide natural climate solutions and a myriad of co-benefits such as supporting our recreational economy; transportation infrastructure resilient to more frequent, intense storms; and enhanced incentive programs that make cleaner vehicles and heat switching within reach of everyone.

No single funding stream will achieve our climate goals. Climate action requires leveraging a variety of sources — existing and new, private and public, local, state, and federal — and innovative financing mechanisms to support sector-level transformations and the ability of Vermont lenders to make crucial long-term investments in climate-focused projects and initiatives. Further, the unprecedented federal recovery funding for the COVID-19 pandemic has given Vermont an opportunity to move quickly into implementation and to do so equitably.

**Moving from Policies to Program Design**

A critical next step for the Council will be to develop a robust understanding of the long-term funding needs and financing options for climate action. The actions put forward in this plan are at varying stages of development, with many of them requiring further work to understand the financial opportunities and costs. For instance, some actions have the potential to generate revenues for the state to further invest in this work. An example of this is joining the Transportation and Climate Initiative (TCI) Program, described in detail in the transportation section. Vermont’s participation in this multi-state cap and invest, market-based program is projected raise approximately $20 million in annual revenue for Vermont, although Legislative action is required to determine how the proceeds would be invested. That said, the revenues from TCI alone will fall well short of what is required for full, equitable implementation of the Climate Action Plan and will require the state to consider new revenue sources, one-time funding and financing options.

To meet this challenge, most actions still need specific program design prior to implementation. The legislature will play a critical role as it takes up actions, but the Council and its subcommittees will also need to transition to organize to develop a framework needed to further refine actions and ready them for implementation and consider funding options. This will mean aligning the Council’s budget and resources, including Councilors, subcommittees and staff to advance priority actions.

**Further Economic Analyses for High-Priority Actions**

The purpose of the economic impact analysis completed for this initial Climate Action Plan (CAP) was to inform the Council on the macroeconomic impacts of the transitions identified as necessary to comply with the Global Warming Solutions Act (GWSA). These impacts include changes in employment, labor income, value-added activities, and outputs compared to Vermont’s baseline. This analysis considers the aggregate economic impact over the full period of implementation, including both capital and on-going operational costs (and savings), and was not intended to consider point-in-time costs that would potentially be borne by individual Vermonters and/or businesses to support implementation. The modeling did compare pathways and made observations on the strongest drivers of economic impacts and areas where impacts may be improved through future policies. With the current modeling, sub-state level economic analysis examining two regions within Vermont is possible if data are available at that granularity. This was discussed with the technical consultants, and all agreed to reserve this as a potential follow-up task at this time.

With the creation of its first CAP, the Council is endeavoring to articulate both *what* Vermont must do to reduce emissions and increase resiliency and equity, as well as *how* to do it. The former task identifies the transformations needed to achieve emissions reductions and is the focus of the LEAP analysis and economic modeling described in Section 11. The latter is concerned with the mechanisms available to achieve desired policies, which requires analysis beyond economic impact modeling. This analysis includes assessment of costs, co-benefits, market readiness, etc. Now that the Council has finalized actions for prioritized pathways, the Council will further consider options for follow-on research and analysis which will be necessary to address specific policy-related questions. This modeling will need to be considered with all of the future analyses recommended here.

**Recommendations for American Rescue Plan Act Funds**

With the passage of the American Rescue Plan Act (ARPA), which includes a $2.7 billion package of aid for Vermont, Vermont has an unprecedented opportunity to strengthen our economy and communities through significant investments in one-time ARPA dollars. More than half of these dollars are directly appropriated to federal agencies, individuals, local governments, education institutions, and others. Leaving approximately $1 billion for the state to expend over the next four years.

The Climate Action Plan includes projects that are well-suited to ARPA funding and important to meeting the requirements of the Global Warming Solutions Act. Recognizing this opportunity, the Governor and Legislature have committed up to $200 million dollars for implementation of the Climate Action Plan. This is in addition to the ARPA dollars that have already gone to support initiatives such as fuel-switching, and the hazard mitigation buyout program. To recommend how this funding is directed to the Governor and Legislature, the Council first needed to adopt this plan and set priorities. The Council will convene in December to prepare an addendum to this plan with its recommendations for ARPA funding. Working together with the Governor and Legislature to direct these funds, will ensure a successful first step to committing to the priorities put forward within and ensuring Vermont is making the necessary investments to ensure a resilient future.

**Just Transition and Equity Considerations in Implementation**

The Just Transitions Guiding Principles adopted by the Vermont Climate Council identify ambitious and critical steps for the Climate Council to take during the development and ongoing implementation of the Climate Action Plan. These principles set expectations for the Climate Council and its sub committees to conduct their work, what recommendations they make and how investments, implementation and oversight of the plan must occur. The Guiding Principles have helped to shape the beginning of a process of community engagement, co-creation, and the prioritization of recommendations that speak to issues of equity and justice. The Climate Council has taken some important first steps. However, the Council and Just Transitions Subcommittee have also heard significant frustration around the timeline which has prevented adequate and inclusive engagement. Time and resource constraints have prevented a robust equity analysis and public engagement process. Both are essential to move away from a status quo that exacerbates inequities and places impacted communities at greater risk from climate change. Historically, impacted, and frontline communities have been marginalized by insufficient governmental responses to environmental crises at the local, state and federal levels. Procedural equity requires that impacted communities have the opportunity to provide input and support development of the climate policies that directly affect them, and policy makers have the opportunity to collaborate with communities so that Vermont’s climate solutions meet community needs.

The Climate Council will provide ongoing oversight and policy planning; however, the legislative and executive branches both have important roles to act on Climate Council recommendations. It is essential for just transitions principles to be promoted in the development of legislation, the development of budgets and appropriations, the development and implementation of rules, regulations, and programs, and the evaluation of the execution thereof. For these reasons, it is crucial for the next steps of the Climate Council, the legislature, and the executive branch to consider the following:

*Expand Public Engagement*

* Provide adequate funding and staffing resources for the Climate Council, the legislature, and agencies responsible for taking action to adopt more inclusive and innovative engagement strategies.
* Present key materials in plain and accessible language, including translation into multiple languages during ongoing planning and implementation efforts, particularly outreach materials intended for a public audience.
* Provide transparent information and opportunities to engage in many ways and via various media outlets to create a more inclusive process. Specifically, ensure the website, other materials and resources are easy to navigate and provide a clear path and timeline for engagement.
* Create opportunities for engagement that empowers impacted communities and is ongoing, allowing for dialogue over time, rather than one-time or one way communication. Direct and inclusive engagement is different from traditional marketing or public hearing processes. Engagement is meant to be collaborative with a goal of co-creation, which requires meeting people in their communities and using trusted organizations and community members to facilitate outreach.
* Create opportunities to hear from Vermonter’s during all processes created by the Global Warming Solutions Act: the finalization of the Climate Action Plan, throughout rulemaking, during oversight of implementation, and so on.
* Coordinate public engagement efforts related to climate actions. The Climate Council’s public engagement plan calls for supporting and working through and with trusted community organizations to reach impacted communities. This essential strategy is critical to reaching impacted communities and requires coordination and support. The Climate Council is well-poised to support coordination.

Commit to Ongoing Use of the Guiding Principles

* Use the Guiding Principles, assessment questions and rubric during the legislative, rule-making, and ongoing implementation and evaluation thereof. The Climate Council has adopted the Guiding Principles and should play a lead role in supporting their ongoing use by all relevant stakeholders.
* Provide training to support the adoption and ongoing use of the Guiding Principles by the Climate Council, the legislature, and the executive branch.
* Incorporate the Guiding Principles Assessment Questions into the Equity Impact Assessment (EIA) tool currently used by the executive branch for evaluating budget needs, new program development and policy recommendations. This will enhance and broaden the EIA, as well as add consistency to ongoing climate efforts.
* Encourage the legislature and joint fiscal office to use the Guiding Principles in its work, specifically the role that the assessment questions and rubric could play in priority setting and policy and budget development. Budgets are the ultimate policy statement and just transitions must be elevated among the GWSA’s implementation priorities.
* Encourage the legislature to include strategies to mitigate burdens and maximize benefits for impacted communities in climate-related legislation, which could include establishing a minimum percentage of climate action investments for impacted communities.
* Ensure that future Legislative deadlines consider procedural equity and allow adequate time and resources to support the necessary public engagement.

Remain Accountable to Achieving a Just Transition

* All climate action strategies and actions should include metrics to measure equity impact. The Climate Council plays an ongoing role in monitoring and tracking progress and results during implementation and future planning. Metrics related to equity impact should be part of regular, ongoing reporting and will help the Climate Council understand whether Vermont is achieving its goals related to a just transition.
* Keep impacted communities informed of results and changes through deliberate and focused communication with organizations directly involved with front line communities, as the Council assesses the equity impact of climate actions; providing materials to be shared with members.
* Work with Vermont’s Chief Performance Officer, the Science and Data Subcommittee, and others to bring together and present data in meaningful ways that both hold the process accountable and communicate the impact and status of the Council’s efforts with all communities. Consider a dashboard that shares progress, captures data and depicts implementation gaps.
* Conduct a regular review of progress and issue a Just Transitions progress report every two years. A report is an important tool for accountability and offers an opportunity to share strategies and establish best practices in reaching Vermont’s climate equity goals.

**Legislative Action and Rule Making**

Due on 11/16/21

**Council Next Steps**

Due on 11/16/21

**Technical Analyses Next Steps**

Due on 11/16/21