

1 **Implementing Vermont's Climate Action Plan**

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

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

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

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

37 **Moving from Policies to Program Design**

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

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

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

57 The purpose of the economic impact analysis completed for this initial Climate Action Plan
58 (CAP) was to inform the Council on the macroeconomic impacts of the transitions identified as
59 necessary to comply with the Global Warming Solutions Act (GWSA). These impacts include

60 changes in employment, labor income, value-added activities, and outputs compared to
61 Vermont's baseline. This analysis considers the aggregate economic impact over the full period
62 of implementation, including both capital and on-going operational costs (and savings), and was
63 not intended to consider point-in-time costs that would potentially be borne by individual
64 Vermonters and/or businesses to support implementation. The modeling did compare pathways
65 and made observations on the strongest drivers of economic impacts and areas where impacts
66 may be improved through future policies. With the current modeling, sub-state level economic
67 analysis examining two regions within Vermont is possible if data are available at that
68 granularity. This was discussed with the technical consultants, and all agreed to reserve this as a
69 potential follow-up task at this time.

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

80 **Recommendations for American Rescue Plan Act Funds**

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

87 The Climate Action Plan includes projects that are well-suited to ARPA funding and important
88 to meeting the requirements of the Global Warming Solutions Act. Recognizing this opportunity,

89 the Governor and Legislature have committed up to \$200 million dollars for implementation of
90 the Climate Action Plan. This is in addition to the ARPA dollars that have already gone to
91 support initiatives such as fuel-switching, and the hazard mitigation buyout program. To
92 recommend how this funding is directed to the Governor and Legislature, the Council first
93 needed to adopt this plan and set priorities. The Council will convene in December to prepare an
94 addendum to this plan with its recommendations for ARPA funding. Working together with the
95 Governor and Legislature to direct these funds, will ensure a successful first step to committing
96 to the priorities put forward within and ensuring Vermont is making the necessary investments to
97 ensure a resilient future.

98 **Just Transition and Equity Considerations in Implementation**

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

117 The Climate Council will provide ongoing oversight and policy planning; however, the
118 legislative and executive branches both have important roles to act on Climate Council

119 recommendations. It is essential for just transitions principles to be promoted in the
120 development of legislation, the development of budgets and appropriations, the development and
121 implementation of rules, regulations, and programs, and the evaluation of the execution thereof.
122 For these reasons, it is crucial for the next steps of the Climate Council, the legislature, and the
123 executive branch to consider the following:

124 *Expand Public Engagement*

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

149 Commit to Ongoing Use of the Guiding Principles

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

169 Remain Accountable to Achieving a Just Transition

- 170 • All climate action strategies and actions should include metrics to measure equity impact.
171 The Climate Council plays an ongoing role in monitoring and tracking progress and
172 results during implementation and future planning. Metrics related to equity impact
173 should be part of regular, ongoing reporting and will help the Climate Council understand
174 whether Vermont is achieving its goals related to a just transition.
- 175 • Keep impacted communities informed of results and changes through deliberate and
176 focused communication with organizations directly involved with front line communities,
177 as the Council assesses the equity impact of climate actions; providing materials to be
178 shared with members.

- 179 • Work with Vermont’s Chief Performance Officer, the Science and Data Subcommittee,
180 and others to bring together and present data in meaningful ways that both hold the
181 process accountable and communicate the impact and status of the Council’s efforts with
182 all communities. Consider a dashboard that shares progress, captures data and depicts
183 implementation gaps.
- 184 • Conduct a regular review of progress and issue a Just Transitions progress report every
185 two years. A report is an important tool for accountability and offers an opportunity to
186 share strategies and establish best practices in reaching Vermont’s climate equity goals.

187 **Legislative Action and Rule Making**

188 Due on 11/16/21

189 **Council Next Steps**

190 Due on 11/16/21

191 **Technical Analyses Next Steps**

192 Due on 11/16/21

193