

Proposed Transportation Recommendations of the Cross-Sector Mitigation Subcommittee

**Note: an earlier version of this memo was shared with the Vermont Climate Council for consideration and discussion on September 12, 2022, after having been adopted by consensus by the Cross-Sector Mitigation subcommittee on September 7, 2022. The memo below has since been revised and updated, as of October 31, 2022, to reflect subsequent recommendations received from Secretaries Julie Moore and Joe Flynn on October 30th, as well as further revisions drafted by the Transportation Task Group. The updated memo below is recommended by the Transportation Task Group for consideration and approval by the full Cross Sector Mitigation subcommittee during its meeting on Nov. 3, 2022 and, pending CSM approval, for full Climate Council consideration and approval during its meeting on Nov. 14, 2022.*

The withdrawal of support for the regional Transportation and Climate Initiative-Program (TCI-P) by several states days before Vermont's initial Climate Action Plan (CAP) was adopted in December 2021 leaves a significant gap in the CAP. Without TCI-P, the CAP lacks a primary policy mechanism to help ensure Vermont meets its legal obligation to reduce emissions from the transportation sector in line with Global Warming Solutions Act (GWSA) requirements. As of 2018, transportation emissions accounted for nearly 40% of the state's total greenhouse gas emissions. TCI-P also represented an excellent opportunity for Vermont to generate a sustained source of revenue for clean transportation investments.

Rulemaking, now underway for the state's adoption of Advanced Clean Cars II and Advanced Clean Trucks, is modeled to help realize approximately 34% of the needed emissions reductions from the transportation sector by 2030 – or an estimated 14% of Vermont's total needed emissions reductions by 2030. The influx of one-time funding from federal legislation will also help advance pollution reduction progress.

These actions, however, are not likely to be enough on their own. There is a pressing need to advance additional policy or regulatory approaches that can provide a higher degree of confidence in meeting the state's emission reduction requirements per the Global Warming Solutions Act. At the same time, importantly, the GWSA requires that GHG mitigation policies also promote a just transition that ensures historically marginalized communities receive an equitable share of benefits without incurring a disproportionate share of burdens.

This memo builds on ideas put forth in [January 2022](#) and is informed by the [February 2022 proposed process and public engagement plan for transportation in the CAP](#), and the public engagement endeavors already undertaken. It is intended to further the discussion of potential policies or regulatory approaches that will help form the basis of recommendations for the Vermont Climate Council to consider for adoption – [as it charged itself to do in December 2021](#)^[1]—to meet transportation emissions reduction targets. The goal of the recommendations is to lay out a path to help get the state on track and ensure sufficient progress is made in the transportation sector.

Technical analyses to date suggest that current programs and policies will fall short in meeting statutory emission reduction requirements by 2030. **The only currently known policy options for which there is strong evidence from other states, provinces and countries of the ability to**

confidently deliver the scale and pace of emissions reductions that are required of the transportation sector by the GWSA are one or a combination of:

- a) a cap and invest/cap and reduce policy covering transportation fuels and/or**
- b) a performance standard/performance-based regulatory approach covering transportation fuels**

Importantly, based on research associated with their potential implementation, these approaches can also be designed in a **cost**-effective and equitable manner.

To that end, it is imperative to follow through on the Climate Council's recommendation ¹in the December 2021 adopted plan to *"pursue a comparable cap and invest program for transportation fuels, both in Vermont and regionally, or other policies or programs that reduce emissions and drive similar outcomes as anticipated in participation in TCI-P."*²

Next Steps:

Over the past few months and with the introduction of the Infrastructure Investment and Jobs Act (IIJA) Carbon Reduction Program (CRP), the State – led by the Vermont Agency of Transportation (VTrans) – has begun the process of drafting a Carbon Reduction Strategy (CRS). The IIJA's CRP requires VTrans to examine how its current programs contribute to greenhouse gas emissions and to assess future programmatic investment strategies and policy options towards the reduction of those emissions. This will be an important framework to further inform strategic programmatic and policy direction for equitable and cost-effective pollution reductions in the transportation sector. The CRS will be developed in two phases. Phase I will establish a methodology for evaluating the VTrans Capital Program by the start of the 2023 legislative session. Phase II will result in an investment strategy by the Fall of that year. Although this timetable is approximately one year later than the Vermont Climate Council commitment for making transportation policy recommendation(s) and putting the pieces in place to set Vermont on a path to its legally required greenhouse gas emission reductions, it is the most practical, timely, and cost-effective path forward to yield the desired additional policy analysis.

To inform, identify and set the stage for the State to adopt the best sector-wide approach and to continue forward progress, the Transportation Task Group recommends:

- **Continue to advance the transportation recommendations laid out in the initial Climate Action Plan** adopted in December 2021 while simultaneously maximizing the GHG efficacy, cost effectiveness, and equity outcomes of current programs and incentives. This includes:
 - **Continue to advance** cornerstone measures like Advanced Clean Cars II and Advanced Clean Trucks, and further the design and implementation of other supporting strategies identified in the plan needed to maximize the impact of ACCII

¹<https://outside.vermont.gov/agency/anr/climatecouncil/Shared%20Documents/Initial%20Climate%20Action%20Plan%20-%20Final%20-%202012-1-21.pdf> – Page 80

²<https://outside.vermont.gov/agency/anr/climatecouncil/Shared%20Documents/Initial%20Climate%20Action%20Plan%20-%20Final%20-%202012-1-21.pdf> – Page 80

and ACT, including efforts to realize greater vehicle efficiency and decrease vehicle miles travelled to complement the deployment of electric vehicles.

- **Continue to ramp up outreach and public engagement** to help identify preferred public priorities and inform and shape preferred policy and program design to achieve an equitable transition. This work should be undertaken in collaboration with the Just Transitions Subcommittee of the Vermont Climate Council and other key stakeholders. Some public engagement efforts are currently underway with the ACCII and ACT and planned for as VTRANS ramps its work to develop a Carbon Reduction Strategy.
- **Develop and implement strategic revisions to the state's EV incentive programs** that will help cut gasoline use faster, more efficiently, and at a lower cost; maximize the carbon reductions of the EVs put into use; improve equity; complement federal programs and funding; and foster a transition that prioritizes zero-emissions vehicle ownership to lower income and historically underserved Vermonters.
- **Support the State's equitable build out of highway, multi-unit dwelling, community, and workplace charging** such that all Vermonters feel confident purchasing an EV of any weight class and that the funding to maintain Vermont's infrastructure is viable long-term. This recommendation includes the equitable transition of Vermont's current infrastructure that supports internal combustion engine vehicles and the Vermonters that own and operate them.
- **As previously mentioned, be prepared to join the TCI-P, as originally recommended in the CAP, if and when regional viability re-emerges.**
- **Develop a framework for legal jurisdiction** to implement potential cost- and carbon-effective economy-wide policies or programs identified through the development of the CRS.
- **Collect and analyze timely and accurate Vermont-specific data**, including information on volumes and fuel types, foundational to the successful design of any future policy or program. Specifically, develop a GHG emissions reporting program for the transportation sector to replace the large federal datasets that are currently used with actual reported values from Vermont entities. This data will also improve accuracy and timeliness of the annual GHG Inventory prepared by ANR. Consideration should be given to whether this is data is best collected by developing a universal reporting program from existing fuel and tax reporting programs to minimize reporting burdens. Consideration should also be given to extending this work to include the thermal sector.

We believe this combination of actions is key to get Vermont on a path to meeting the legally binding obligations outlined in the GWSA, as well as ensuring Vermont does its part to mitigate the increasingly high-cost and deadly consequences of a warming planet.

[1] Climate Action Plan – page 80/88

