

Subcommittee Guidance – ARPA Funding

Subcommittees have an opportunity to further prioritize actions for funding over the next three years from the American Rescue Plan Act (ARPA). 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 (CAP). 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 in FY22. To recommend how this funding is directed to the Governor and Legislature, the Council first needed to adopt the CAP to set priorities. The CAP speaks to the Council focusing in December on preparing an addendum with its recommendations for ARPA funding. This is not a requirement of the GWSA but an opportunity for the subcommittees and Council to collaboratively put forward recommendations for the legislature and Governor to consider this session as they advance the final budget.

Funding Amount Available

- \$200 million for implementation of Climate Action Plan
- Additional funds have been set aside for water, affordable housing and broadband which are components of climate action plan recommendations

Role of Council

- Offer recommendation on priority actions for this specific funding source
- This is a collaborative effort with the Governor and Legislature, not a GWSA requirement

High-Level Criteria for ARPA Funds

- Must meet the federal guidelines for ARPA funds
 - Serve low-income Vermonters
 - Infrastructure/implementation focus (Planning is only eligible if it leads to infrastructure development and job creation)
 - Connection to travel/tourism as it is an impacted business sector (link to charging stations in downtown areas post-Covid)
- Action must be ready/close to implementation as the funding must be obligated by end-2024

Subcommittee Criteria

1. Prioritize no more than three to five actions to share with Council that are ready to be implemented.
2. Where possible, speak to maximum amount of funding to put on the ground.
3. Understanding actions have been prioritized for inclusion to CAP, specific criteria to focus on for ARPA dollars include:
 - Impact - reference definition from foundational criteria found below

- Equity – Council will look to set a threshold that investments levels should meet such as what is happening in the [State of New York](#) as well as the [Justice 40](#) initiative from the Biden administration. Subcommittees should speak to scoring rubric in write-up.
 - Leverage – Put funds towards actions that create an on-ramp for future actions seeing as the funds needs to be spent relatively soon.
 - Cost effectiveness – reference foundational criteria definition found below.
4. Provide one paragraph write-up for each action selected speaking to the criteria above by Friday, December 17 to Jane and Marian. Recommendations on allocation should be kept at a high level and speak to the broad benefits to the whole state. Memo prepared by the Council to the Governor and Legislature will tee up recommendations agreed upon by Council that speak to the guidelines laid out above. These recommendations will be presented as a guide to inform budget development.

Foundational Criteria Definitions

Impact - Mitigation

Impact is the consideration of actions' contribution to achieving 2025, 2030, and 2050 emission reduction requirements. The gross GHG emissions reductions required by 2025 are 1.26 MMTCO_{2e} below our most recent (2018) levels. 3.46 MMTCO_{2e} of reductions are required by 2030.

- High impact recommendations are those that can reasonably be expected to get Vermont more than 10 percent of the way towards either our 2025 and/or 2030 emissions reduction requirements. High impact will also speak to enabling actions that are needed to advance actions that are high impact as defined here. A compelling case will need to be made that the enabling action is the only pathway to success of the high impact action.
- Moderate impact recommendations are those that can reasonably be expected to get Vermont between 2.5 percent and 10 percent of the way towards either our 2025 and/or 2030 emissions reduction requirements. Moderate impact will also speak to enabling actions that are needed to advance actions that are high impact as defined above. Rather than high enabling actions above, moderate enabling actions are supportive of the high impact action, rather than the only pathway.
- Low impact recommendations are those that can reasonably be expected to get Vermont less than 2.5 percent of the way towards our 2025 and/or 2030 emissions reduction requirements.

Impact - Resilience, adaptation, and sequestering and storing carbon

The assessment of impact for adaptation, resilience, and sequestration actions takes into consideration both the scale at which a particular action occurs and the effects (both short and long term) of that action.

- High impact actions are those actions that significantly improve the ability of [the built and/or natural environment and working lands OR people/vulnerable populations OR the economy] to adapt to or build resilience to climate change impacts. These actions may also significantly increase the ability to sequester and store carbon. High impact actions

are actions that would affect broad scale change at the municipal, regional, or statewide level.

- Moderate impact actions are those actions that moderately improve the ability of [the built and/or natural environment and working lands OR people/vulnerable populations OR the economy] to adapt to or build resilience to climate change impacts. These actions may also moderately increase the ability to sequester and store carbon. Moderate impact actions are actions that would affect moderate scale change at the municipal, regional, or statewide level.
- Low impact actions are those actions that marginally improve the ability of [the built and/or natural environment and working lands OR people/vulnerable populations OR the economy] to adapt to or build resilience to climate change impacts. These actions may also slightly increase the ability to sequester and store carbon. Low impact actions are actions that would affect small scale change at the municipal, regional, or statewide level.

Cost-Effectiveness

To estimate costs and benefits in determining cost-effectiveness, the estimated benefits and costs are inclusive of direct and indirect benefits and costs to Vermont and Vermonters (i.e., “resource benefits and costs” for the State, including program implementation and management costs, not simply the “consumer costs and benefits”). Benefit-cost analysis estimated social and environmental “externalities”, including health costs and benefits and a Social Cost of Carbon, reflecting the global damage-based assessment of the cost of Vermont’s climate pollution, consistent with the Social Cost of Carbon report. In many circumstances, additional benefit-cost tests are needed for further analyzing specific proposed policies and programs, including benefits and costs from a consumer and equity perspective or a public investment perspective.

Mitigation

Cost-effectiveness refers to the lifetime net cost per ton of GHG emissions avoided (acknowledging that some mitigation measures do not generate net costs and save money). Cost-effectiveness shall also be understood to account for lifetime or dynamic costs, not merely up-front or static costs. The following HIGH, MODERATE, and LOW definitions were used for prioritization:

- Highly cost-effective are actions that have a net savings per ton of GHG emissions reduced
- Moderately cost effective are actions that essentially break even per ton of GHG emissions reduced
- Least cost-effective actions are ones that will have a net cost per ton of GHG emissions reduced

Resilience, adaptation and sequestering and storing carbon

Cost-effectiveness for actions seeking to build resilience, further adaptation, and enhance sequestration and carbon storage refers to the relative lifetime net cost of the action compared to the desired outcome or impact. This definition only deals with the true cost to Vermonters and does not speak to the cost of avoided damages which we know is very important. By incorporating the actions impact into how we evaluate cost-effectiveness, the most impactful

actions can still be considered cost-effective overall even if they present significant upfront investments, indirectly getting at the cost of inaction.

The action first received an impact ranking of high, medium, and low using the definition discussed above. From there, the action's cost was considered as significant, moderate, or low. Significant was defined as an ongoing cost or a more than ten-year investment to Vermonters which needed to be raised from new revenues. Moderate was defined as on ongoing or more than ten-year investment from Vermonters that has an existing revenue source OR an action that needs a new revenue source for a short-term period (less than ten years). Low was defined as an action that has an existing revenue identified to utilize over a short-term period (less than ten years). Overall cost-effectiveness was compiled by considering the actions impact (high, medium, low) relative then to its cost (Significant, moderate, low). The cumulative summation of overall ranking will be as follows:

- High/Moderate, High/Low, Medium/low – HIGH
- High/Significant, Medium/Moderate, Low/Low – MEDIUM
- Medium/Significant, Low/Significant, Low/Moderate – LOW