

For Initial Discussion and Consideration of and by the Transportation Task Group:
Potential Recommendations and Approach for the Transportation Sector in the CAP

The upending of the regional Transportation & Climate Initiative-Program (TCI-P) days before the initial Climate Action Plan (CAP) was adopted in December 2021 left a significant gap in the adopted plan in terms of both emissions reductions and generating a sustained source of revenue for needed clean transportation investments. Without TCI-P, the CAP lacks a primary policy mechanism to ensure adequate emissions reductions from the transportation sector - nearly 40% of the state's greenhouse gas emissions - and to achieve Vermont's legal obligations under the Global Warming Solutions Act. Advancing rulemaking for Advanced Clean Cars II and Advanced Clean Trucks – arguably the only recommendations that will lead to substantial GHG reduction in the transportation sector – is essential and yet only modeled to realize approximately 25% of the emissions reductions from the transportation sector necessary to put Vermont on a path to meeting its reduction requirements by 2030.

This memo is intended to serve as a discussion piece to move forward with an initial suite of steps that could lead to a recommendation, or set of recommendations, for the Vermont Climate Council to consider and adopt – [as it charged itself to do in December 2021](#).¹ The goal of such recommendations would be to lay out a path to get us on track and ensure we make necessary progress in the transportation sector in Vermont.

This input builds on the [initial memo put forth in January 2022 on identifying potential policy or regulatory options in the transportation sector](#). It also builds on and is informed by the [February 2022 proposed process and public engagement plan on transportation in the CAP](#), and the public engagement endeavors already undertaken.

Since these memos were crafted, the State of Vermont – led by the Vermont Agency of Transportation (VTRANS) – has begun the process of crafting a Carbon Reduction Strategy (CRS). Development of the CRS is required by the funding Vermont will receive over the next five years under the federal Infrastructure Investment and Jobs Act (IIJA) Carbon Reduction Program (CRP). 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 inform strategic programmatic and policy direction for equitable and cost-effective pollution reductions in the transportation sector.

That said, the CRS will be developed in two phases with Phase I establishing a methodology for evaluation of the Capital Program by the start of the 2023 legislative session and Phase II developing the investment strategy by Fall 2023. That timetable is approximately one year longer than what the Vermont Climate Council committed to for making a recommendation(s) in the transportation space and, importantly, putting the pieces in place to get Vermont on a path to legally required greenhouse gas emission reductions.

¹ Climate Action Plan – page 80/88

For that reason, the Transportation Task Group recommends the following steps be undertaken – as outlined in the adopted CAP or as otherwise deemed necessary for forward progress. That includes:

- Develop recommendations for Vermont to adopt – in the near future – a cap & invest/cap & reduce and/or performance-based regulatory approach to equitably reduce emissions in the transportation sector. Based on historic analyses, past economic and GHG reduction assessments, and the experience of other states and jurisdictions nationally and worldwide, a cap and invest/cap and reduce program or a performance-based regulatory approach – or a combination thereof – will be required to deliver a high degree of confidence that Vermont will meet its legally binding pollution reduction requirements in the transportation sector. In other words, Vermont cannot meet its legal and moral obligations to reduce climate pollution *without* such a regulatory framework. That is because the current policies and programs in place today are projected to fall far short. With the collapse of the regional TCI Program and the loss of these projected emissions reductions the Vermont Climate Council should recommend continuing to explore and ultimately adopt – with robust and ongoing public engagement input throughout to shape, inform and identify – an economy- or sector-wide approach to deliver certain, stepped, and significant pollution reductions in the transportation sector.
- Continuing to advance the transportation recommendations laid out in the initial climate action plan adopted in December 2021. That should include cornerstone measures like Advanced Clean Cars II and Advanced Clean Trucks as well as other strategies identified and designed to foster more equitable and inclusive public process and set the stage for more significant cost- and carbon-cutting transportation measures, such as creating a Transportation Equity Advisory Body and ensuring that legal and legislative jurisdiction exists for the state to be ready for potential new economy-wide policies or regulatory programs.
- Timely and accurate data is an essential precursor to any policy or regulatory approach to ensure well-informed programs that address emissions from the fuel sector (transportation and thermal) and industrial and commercial stationary source emitters of GHGs. Therefore, ANR should establish a new GHG emissions reporting program, or, if appropriate, work collaboratively with other agencies to develop a universal reporting program from existing fuel and tax reporting programs that could deliver equivalent data. This data will also improve the annual GHG Inventory by replacing the large federal datasets that are currently used with actual reported values from Vermont entities.
- Continue and ramp outreach and public engagement to identify preferred public priorities and inform and shape preferred policy and program design. Work in collaboration with the Just Transitions Subcommittee of the Vermont Climate Council to undertake this effort.

We believe this approach – and this combination of actions – is key to put 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.