

**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 and Climate Initiative-Program (TCI-P) days before the initial Climate Action Plan (CAP) was adopted in December 2021 leaves a significant gap in the plan. Without TCI-P, the CAP lacks a primary policy mechanism to meet its legal obligation to reduce emissions from the transportation sector – which equate to nearly 40% of the state’s greenhouse gas emissions. TCI-P also represented an excellent opportunity for Vermont to generate a sustained source of revenue for clean transportation investments.

Thankfully, rulemaking, now underway for the state’s adoption of Advanced Clean Cars II and Advanced Clean Trucks is modeled to realize approximately 25% of the emissions reductions from the transportation sector and will help put Vermont on a path to meeting its 2030 emissions reduction requirements. The influx of one-time funding from federal legislation will also further pollution reduction progress.

This, however, is not enough. **There is a pressing need to advance additional policy or regulatory approaches that give a high degree of confidence in meeting the state’s emission targets in the Global Warming Solutions Act.** At the same time, importantly, 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 is intended to start a discussion of potential policies or regulatory approaches and will help form the basis of recommendations to meet these targets and for the Vermont Climate Council to consider and adopt – [as it charged itself to do in December 2021](#).<sup>[1]</sup> The goal is to lay out a path to get the state on track and ensure progress is made in the transportation sector.

This memo builds on one put forth in January 2022 see attached 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 those initial memos were crafted, the state – 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. The CRS will be developed in two phases. Phase I establishes a methodology for evaluating the Capital Program by the start of the 2023 legislative session. Phase II will result in an investment strategy by the Fall of that year.. This timetable is approximately one year later than what the Vermont Climate Council had committed to for making transportation recommendation(s) and, putting the pieces in place to set Vermont on a path to its legally required greenhouse gas emission reductions.

The CRS analysis will be a foundation to maximize emissions reductions through existing programs (including the unprecedented recent infusion of federal funds), and we must strategically build on it. We cannot, however, wait for the completion of this work. Additional groundwork must be laid now for Vermont to advance a sector wide regulatory or policy framework for transportation. The state will then be better positioned to act and meet its legal obligation for certain, equitable and cost-effective pollution reductions over time.

To that end, **it is imperative to follow through on the Climate Council's commitment in 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."*

Technical analyses to date and professional expertise suggests that current programs and policies will fall short in meeting our statutory emission reduction requirements and that the only way to deliver, with high confidence, an equitable path to reduce emissions in the transportation sector and meet our emission reduction requirements cost-effectively will be through a cap and invest/cap and reduce and/or performance-based regulatory approach.

To determine that preferred approach – and the design of any potential policy – it must be informed by how far the CRS will take us, as well as more in-depth economic analyses of these different approaches. Vermont specific analysis on any particular approach awaits further work to define which options are feasibly open to Vermonters (for example, some would be in the context of a multi-state program) and to review the benefits and costs of any specific proposal.

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:

- **Continuing to advance the transportation recommendations laid out in the initial Climate Action Plan** adopted in December 2021 including advancing cornerstone measures like Advanced Clean Cars II and Advanced Clean Trucks and all the other critical strategies identified in the plan.
- **Continuing 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.
- **Modeling** to confirm the cost- and carbon-effectiveness of potential new economy-wide policies or regulatory programs and developing a framework for legal and legislative jurisdiction to implement them.
- **Analyzing and implementing 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; and foster a transition that prioritizes vehicle ownership to lower income and historically overburdened Vermonters. One option that merits further analyses is to prioritize low income drivers burning the most gasoline and get them to switch to electric vehicles

This will reduce emissions more efficiently and do a better job advancing equity in the transition to EVs. [Data](#) shows that rural drivers are more likely to drive pickups and SUVs, more likely to live in remote areas, and spend on average 8% of their income on gasoline – more than twice that of average users.

- **Ensuring timely and accurate data** – current usage amounts, types, expenditures etc. – is gathered to form the foundation of any potential program. 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.

The Transportation Task Group urges the Cross Sector Mitigation Subcommittee to consider and advance these core suggested strategies and next steps and make a recommendation to the full Climate Council for their consideration and action to affirm further work is needed in this arena – and a regulatory or policy is needed to make certain, stepped, pollution-reduction progress.

We believe 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.

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<sup>[1]</sup> Climate Action Plan – page 80/88