

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

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 meet Vermont’s 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.

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 contribute toward Vermont’s 2030 emissions reduction requirements. The influx of one-time funding from federal legislation will also further advance 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 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<sup>\[1\]</sup>](#) to meet transportation emissions reduction targets. The goal of the recommendations is to lay out a path to get the state on track and ensure 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. As such, the only way to deliver, with high confidence, an effective and equitable path to reduce emissions in the transportation sector and meet our emission reduction requirements cost-effectively will be through some combination of cap and invest/cap and reduce and/or performance-based regulatory approaches.

To that end, it is imperative to follow through on the Climate Council’s recommendation <sup>1</sup>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.*”

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

**Commented [MOU]:** [An Analysis of Decarbonization Methods in Vermont \(January 2019\)](#)  
[Enabling Regulatory Assistance Project Report](#) – a complement to the Decarbonization Analysis  
[The 2014 Total Energy Study](#)  
Energy Action Network’s annual analyses’ based on state data and best available data  
TCI-P analyses’ – including [a 2015 analysis by the Georgetown Climate Center and Cambridge Systematics](#) showing that, a regional clean transportation (cap and invest) program could:

- Reduce carbon emissions between 29 to 40 percent by 2030
- Increase economic growth between \$11.7 billion and \$17.7 billion by 2030
- Create between 91,000 to 125,000 jobs

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 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 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:

- **Continuing 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:
  - **Advancing cornerstone measures** like Advanced Clean Cars II (ACCI) and Advanced Clean Trucks (ACT) and 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. 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.
  - **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 analysis is to create an incentive structure which encourages vehicle owners/lessees with low incomes and the most inefficient vehicles to switch to electric vehicles. [Data](#) shows that rural drivers are more likely to drive pickups and SUVs and spend on average 8% of their income on gasoline – more than twice that of average users. The incentives programs must look to reduce emissions most efficiently while advancing equity in the transition to EVs.

- **As previously mentioned, be prepared to join the TCI-P, as originally recommended in the CAP, if and when regional viability re-emerges.**
- **Developing a framework for legal jurisdiction** to implement potential cost- and carbon-effective economy-wide policies or programs identified through the development of the CRS.
- **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 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.

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