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April 21, 2021

VIA ELECTRONIC DELIVERY

Secretary Katherine Theoharides
Massachusetts Executive Office of Energy and Environmental Affairs

Transportation and Climate Initiative
c/o Georgetown Climate Center
Hall of States, Suite 422
444 N. Capitol Street
Washington DC 20001

Commissioner Basil Seggos
New York State Department of Environmental Conservation
625 Broadway
Albany, NY 12233-1010

Re: Comments on the TCI-P Draft Model Rule and Public Engagement Plan

Dear Secretary Theoharides and Commissioner Seggos:

Thanks to you and the entire Transportation and Climate Initiative (TCI) Leadership Team, the Metropolitan Group, and state officials from across the TCI region for developing the Draft Model Rule and Public Engagement Plan.

The Alliance for Clean Energy New York (ACE NY), on behalf of our member companies, respectfully submits this letter to provide comments on these documents, which will ensure the implementation of a well-designed and equitable regional clean transportation program. Further, we urge New York to sign on to the TCI program (TCI-P) now before its full implementation in 2023.

I. Subpart XX-1.2 Definitions/XX- 11.2 Commencement, frequency and quantity of allowance auctions

ACE NY supports the Draft Model Rule, which will provide TCI jurisdictions with a common framework to develop state-specific TCI-P regulations. It is essential that the model rule includes an appropriate and ambitious minimum reserve price for CO₂ allocations. This carbon price signal should be set high enough to ensure emission reductions are aligned with the Memorandum of Understanding (MOU)¹ and to produce the socio-economic benefits and levels of investments for clean transportation initiatives that are possible under the TCI-P. Modelling estimates that total

¹ Transportation and Climate Initiative Program Memorandum of Understanding (December 21, 2020), <https://www.transportationandclimate.org/sites/default/files/TCI%20MOU%2012.2020.pdf>

annual proceeds for the region could amount to \$6.8 billion while public health benefits could total \$11.6 billion, preventing 1160 deaths and 46,000 childhood asthma attacks every year by 2032.²

In addition, we endorse the inclusion of a Cost Containment Reserve (CCR) and Emissions Containment Reserve (ECR). Respectfully, these stabilizing mechanisms will protect consumers from price increases by releasing additional CO₂ allowances and drive greater emissions reductions when costs are lower than anticipated by withholding allowances. The CCR and ECR are key components in the success of the Regional Greenhouse Gas Initiative.³ Again, we recommend higher trigger prices for these mechanisms to ensure the potential net public benefits of the TCI program are realized.

II. Subpart XX-3 Equity

We also strongly support the equity provisions in the Draft Model Rule, which include a 35% minimum equity investment commitment, establishing an equity advisory board, and conducting annual reviews and reports on the impacts of the TCI-P. These provisions are consistent with the TCI MOU and will ensure that there is meaningful participation, transparency, and investments in mass transit, transportation electrification and charging, energy efficiency, and other complementary programs that equitably benefit disadvantaged communities.

TCI jurisdictions should adopt safeguards to guarantee that these investments are not diverted or reduced. Our support for the TCI-P does not preclude our equal support of adopting a suite of complementary policies necessary to achieve a full transition to a clean energy economy as well as ensure equitable distribution of the public health and economic benefits of that transition. Furthermore, commitments to air quality monitoring and reduction goals as well as job training and workforce development, targeting communities in need of employment opportunities and workers affected by the transition to clean vehicles and renewable energy, should be prioritized and included in the final Model Rule.

III. Public Engagement Plan

ACE NY supports the plan for public engagement. Public input is crucial in ensuring an inclusive and robust TCI program. Moreover, that the TCI-P results in emissions reductions and investments in mass transit, electric vehicles, and other clean transportation programs particularly in low-income and communities of color historically burdened by transportation pollution. In addition to establishing an equity advisory body, we encourage participating states to support public input processes throughout and at key program milestones, including during the formulation of jurisdiction-specific regulations, investment planning, and program reviews. As highlighted in the Plan, these public engagement sessions should be accessible to a broad cross section of stakeholders including grassroots/community leaders, environmental justice organizations, transit justice organizations, and labor unions.

IV. The Great Opportunity of TCI-P for New York

² Transportation, Equity, Climate and Health (TRECH) Project Preliminary Results (February 2021), <https://cdn1.sph.harvard.edu/wp-content/uploads/sites/2343/2021/02/TRECH-ResearchUpdateFeb2021.pdf>

³ Regional Greenhouse Gas Initiative Inc, <https://www.rggi.org/>

We appreciate and support New York's continued engagement in TCI.⁴ However, transportation is the largest source of greenhouse gas emissions, contributing over one-third of total emissions in the state. New York should join this cap-and-invest program before it starts to reduce carbon dioxide emissions and pollution and generate revenues for a clean and equitable transportation sector. Modelled revenue generation⁵ in New York would be up to \$1.4 billion for the period 2022 – 2032. Meanwhile, the predicted impact to gas prices is 5 to 17 cents per gallon.⁶ This increase is less than a typical year's fluctuation for gas prices.

Public revenues from the TCI-P can secure long-term, stable funding for mass transit, electric vehicles of all types and purposes, charging infrastructure, and biking and pedestrian infrastructure that will result in overall net savings to consumers while creating jobs and stimulating economic growth. Without this source of dedicated revenue, it is unclear how the numerous recommendations to transition to a low-carbon sector will be funded.

Under the TCI program, a minimum of 35% of investments will be directed towards mass transit, transportation electrification, energy efficiency and other complementary programs that equitably benefit disadvantaged communities, as required by New York's Climate Leadership and Community Protection Act. Adopting complementary policies is necessary to achieve a full transition to a clean energy economy and ensure the equitable distribution of its associated public health and economic benefits. Moreover, the equity provisions of the program will support the best overall design of the TCI program and advance just outcomes especially for low-income and minority communities disproportionately affected by transportation pollution.⁷

New York State policies to reduce carbon emissions from transportation are considerably less advanced than its policies to promote renewable electricity. It is critical that the Governor sign on to the TCI regional program now before its implementation in 2023, knowing that it will still take more than a year to analyze, develop, and implement this policy in New York.

ACE NY appreciates the opportunity to provide input on the Draft Model Rule and Public Engagement Plan. We will continue to stand in support of TCI and work hand in hand to help shape a sustainable and equitable clean transportation program for the region and for New York State.

Sincerely,



Anne Reynolds
Executive Director
Alliance for Clean Energy New York

CC: Ms. Carrie Gallagher, Acting Deputy Secretary for Energy & Environment

⁴ Statement of Support for TCI MOU by eight states, including New York (December 21, 2020), <https://bit.ly/3h85oOD>

⁵ Based on an analysis of the TCI program using projections from [TCI 2019 Cap-and-Invest Modeling Results](#) and calculations on the average annual allowance proceeds per state undertaken by [NY for TCI](#)

⁶ TCI (December 2019), https://www.transportationandclimate.org/sites/default/files/TCI%20Modeling-Results-Summary_12.17.2019.pdf

⁷ Union of Concerned Scientists, Inequitable Exposure to Air Pollution from Vehicles in New York State (June 21, 2019), <https://www.ucsusa.org/sites/default/files/attach/2019/06/Inequitable-Exposure-to-Vehicle-Pollution-NY.pdf>