

March 31, 2021

Transportation and Climate Initiative
Hall of States, Suite 422
444 N. Capitol Street
Washington DC 20001

Re: Comments on Transportation and Climate Initiative Program (TCI-P)

In response to the March 1, 2021 request for public comment, I respectfully submit these comments on the Transportation and Climate Initiative Program's (TCI-P) Model Rule ("Model Rule").

By way of background, I am an environmental attorney who represented the United States of America in a series of enforcement actions against coal-fired electric generating stations for violating the Clean Air Act's New Source Review program. As the former General Counsel and Director of Environmental Affairs for the Intelligent Transportation Society of America, I participated on a Steering Committee for a study evaluating transportation strategies to reduce greenhouse gas (GHG) emissions. More recently, I prepared a climate action plan for Abu Dhabi's government, integrating mitigation and adaptation measures for multiple sectors. My environmental and climate experience offers a uniquely broad perspective of numerous programs, sectors, and enforcement mechanisms.

I applaud the leadership of the TCI-P states to tackle the imminent and complex challenges of climate change. Focusing on the transportation sector requires all individuals, businesses, and government entities to modify our behavior and choices. I generally support the Model Rule but offer the following suggestions to enhance its efficacy and equity:

- Comments 1.A: The Model Rule should link this "cap-and-invest" program to the electricity sector programs, so GHG emissions are regulated holistically across multiple sectors.
- Comment 1.B: The final rule should incorporate strategies identified in comment 1.B below to obtain immediate emission reductions from the transport sector.
- Comment 2A: Participating jurisdictions should offer a tax credit of limited duration to low-income families to ease the Model Rule's economic burden of higher fuel prices.
- Comment 2B: The Model Rule should establish funding criteria that authorize investments in non-transportation projects to increase economic activity and amenities.
- Comment 3: Fuel distributors and their employees should receive assistance to transition to new business opportunities and employment.

COMMENTS

1. *The “cap-and-invest” program should ensure prompt and meaningful Carbon Dioxide (CO₂) emissions reductions.*

A. The TCI program should incorporate CO₂ emissions from commercial electric generating facilities.

The TCI Program should be holistic by linking TCI’s and the Regional Greenhouse Gas Initiative’s (RGGI’s) allocation, auction, and trading of emissions allowances. The TCI program encourages the use of electric or non-gasoline-powered vehicles. However, if consumers switch to electric vehicles powered by electricity generated by fossil fuels, emissions reductions would be limited. Since the RGGI program is operational, the Model Rule could create a separate transportation program but combine the power and transportation sector allowance allocation to ensure that any additional demand for electric vehicles is subject to an overall declining CO₂ emissions cap. Without a cap on the power sector, some CO₂ emissions reductions achieved by the TCI-P could shift to the power sector. As a result, overall CO₂ emissions levels would depend on the power grid’s carbon intensity and the energy source (e.g., renewable v. non-renewable).

A multi-sector emissions cap more broadly spreads the cost associated with CO₂ emissions reductions. For example, an emissions cap on fuel distributors means that the increased cost associated with emissions allowances will fall on commuters, especially lower-income residents who live farther away from city centers and cannot afford a new electric vehicle. In contrast, a multi-sector cap will fall evenly on all jurisdiction residents who purchase electricity for their homes, businesses, and electric cars. However, those living far outside the city center will continue to shoulder a more significant burden of higher fuel costs.

There is precedent for a multi-sector emissions cap. TCI can follow California’s lead to create a multi-sector cap and invest program. California has one of the most extensive multi-sector emissions caps globally, encompassing power plants, industrial facilities, and fuel distributorships. According to the Center for Climate and Energy Solutions, California’s GHG emissions decreased 5.3% from 2013 (the start of the program) to 2017. With the RGGI program well established, participating jurisdictions could establish a separate TCI program but combine the TCI and RGGI budget allocations and assess whether the cap could be adjusted to capture any efficiencies associated with a single emissions cap across multiple sectors. All but two TCI-P states have statutes or regulations based on the RGGI Model Rule limiting CO₂ emissions from the power sector. Pennsylvania is in the process of adopting a similar rule to issues CO₂ allowances and participation in RGGI’s regional CO₂ allowance auctions.

Moreover, participating jurisdiction could also allow emissions trading across sectors, provides more trading opportunities for participants, and distributes emissions reductions’ marginal costs. Fuel distributors who cannot meet their cap can purchase allowances from utilities that further reduce their CO₂ emissions. A multi-sector

program's added benefits are the increase in emissions reduction opportunities within the jurisdiction, potentially a reduced need for offsets, and state oversight of a single, efficient cap-and-invest program.

Implementation of this proposed change requires:

- Subpart XX-1 of the General Provisions “Purpose” should be revised to reflect the intent to ensure overall emissions reductions from the transportation and power sectors.
- Subpart XX-5 should be modified to include allowance allocations for the power sector; and
- If TCI decides to allow trading across sectors, Subpart XX-7 should be adjusted to enable cross-sector trading.

B. The Model Rule should include strategies to achieve immediate CO₂ reductions from the transportation sector.

While I applaud the States’ willingness to address CO₂ emissions from the transportation sector, the Model Rule's emissions benefit will take years to realize. Commitments to employ the following low-cost, immediate actions would yield immediate CO₂ reductions:

- Lower highway speed limits to 60 MPH as each state sets speed limits for its roads. A Department of Energy study shows a 7% decline in fuel economy for every five miles per hour (MPH) driven over 60 MPH. See U.S. Department of Energy and U.S. Environmental Protection Agency, *Fuel Economy Guide* at <https://www.fueleconomy.gov/feg/driveHabits.jsp>. Reduced road fatalities and improved safety is co-benefit of lower speed limits. See Insurance Institute for Highway Safety, *The effects of higher speed limits on traffic fatalities in the United States, 1993-2017*, April 2019.
- Impose state taxes on urban parking centers to discourage driving into the city. Not only will this measure raise revenue and reduce the number of cars on the road, but it has the co-benefit of lowering congestion. See Urban Land Institute, *Moving Cooler: An Analysis of Transportation Strategies to Reduce Greenhouse Gas Emissions* at <https://www.transit.dot.gov/about/moving-cooler-analysis-transportation-strategies-reducing-greenhouse-gas-emissions>. Traffic congestion increases idling, resulting in increased fuel consumption and CO₂ emissions. See U.S. Department of Energy, *Clean Cities Coalition Network* at <https://cleancities.energy.gov/technical-assistance/idlebox>. Illinois recently imposed a tax on parking spaces to pay for road construction. See *Illinois Parking* at <https://www.illinoispolicy.org/when-drivers-shift-into-park-after-jan-1-illinois-will-move-to-collect-taxes/>. Participating jurisdictions could impose a similar tax to pay for transportation strategies that reduce CO₂ emissions, such as increased bus rapid transit, bike lanes, ride-sharing, and other measures.

- Promoting eco-driving programs. Eco-driving is a manner of driving to minimize fuel consumption and CO₂ emissions. Eco-driving measures include combining trips, maintaining a consistent speed where possible (rapid starts and stops increase fuel use by up to 40%), and checking the tire pressure. See R. Killian, *Ecodriving, the science and art of smarter driving* at <http://onlinepubs.trb.org/onlinepubs/trnews/trnews281ecodriving.pdf>. Proper tire inflation is estimated to provide up to a 3 percent benefit per tankful of fuel. The California Air Resources Board approved a regulation requiring automobile service providers to check and inflate each vehicle's tires to the recommended pressure when performing any maintenance or repair work. See *Tire Inflation Regulation* at <https://ww2.arb.ca.gov/resources/documents/tire-inflation-regulation>.

Adding the twelfth subpart to the Model Rule could require implementing some of the transportation strategies mentioned above to achieve immediate CO₂ emissions reductions.

2. *Model Rule Subpart 3.1 should be revised to enhance equity measures that help and invest in overburdened and underserved communities.*

- A. To mitigate the Model Rule's regressive impact, low-income families should receive tax credits until public transport is readily available.

A Tufts University Study Assessing the Impact of TCI projects the TCI will increase fuel cost to consumers, as fuel distributors are likely to pass on to consumers the credits' cost, representing a regressive tax on low-income individuals. See https://tischcollege.tufts.edu/sites/default/files/cSPA_Assessing_the_Impact_of_TCI.pdf. Many low-income households cannot afford to live in or near city centers and their jobs. Convenient and efficient public transport is often unavailable in suburban and rural working-class neighborhoods, lengthening commute times. Consequently, low-income residents frequently use older vehicles to travel long distances to reach work or other amenities. Providing a tax credit while the vehicle fleet transitions to non-fossil fuel would relieve the economic burden of the TCI-P for the most economically vulnerable. At the same time, jurisdictions collect the necessary funds to deploy transit options to low-income and under-served neighborhoods.

- B. The Model Rule should establish funding criteria that authorize investments in non-transportation projects to increase economic activity and amenities.

Low-income, under-served, and minority communities, frequently located near highways, transportation facilities, and industrial facilities, are more likely to experience poor air quality. These populations are also less likely to have access to parks, which improve air quality and social connection. The Center of American Progress's report on The Nature Gap found that non-white and low-income families are 50% less likely to have recreational facilities in their neighborhood than white and high-income areas. See <https://www.americanprogress.org/issues/green/reports/2020/07/21/487787/the-nature-gap/>.

The Model Rule pledges the use of at least 35% of the auction proceeds for "transportation projects and programs" in overburdened and underserved communities. Although the Model Rule focuses on transportation projects and programs, CO₂ emissions from the transportation sector are a function of how and where we live and work. I strongly urge participating jurisdictions to consider establishing funding criteria that permit non-transportation projects that promote economic development and public services in underserved and economically disadvantaged neighborhoods. For example, funding tax incentives to locate businesses and hire employees in financially underprivileged communities will reduce the demand for transportation and related emissions while increasing economic activity, tax revenue, and social connectivity. Also, funding parks and recreational facilities in minority and low-income areas will improve residents' health and welfare. By investing in minority and economically disadvantaged neighborhoods, participating jurisdictions will create sustainable communities where the economic, social, and environmental performance will not degrade over time.

- 3. The Model Rule should add a separate subpart requiring participating jurisdictions to use proceeds to help transition fuel distributorships and their employees to new careers and businesses.*

Although fuel distributorships sell a product that emits CO₂, the truth is we all use and benefit from their product. An objective of the TCI-P and Model Rule is to transition the transportation sector away from fossil fuels. A fuel distributor transition fund could provide financial support for workers and business owners by offering relocation assistance, career counseling, tuition waivers for re-training, job placement services, and unemployment, retirement grants, and payments for stranded costs. Participating jurisdictions can enhance compliance and commitment to the TCI-P by ensuring workers' well-being as this program phases out the fuel distribution industry. A separate subpart addressing the needs of fuel distributors and their workers is needed to address the impact of TCI on this group fully.

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Thank you for the opportunity to submit comments on this excellent proposed rule. Advancement of the Model Rule's purpose is achieved by: (1) linking TCI's "cap-and-invest" program to the electricity sector; (2) incorporating strategies to achieve immediate emission reductions; (3) adopting additional measures to reduce the impact of the Model Rule on overburdened and underserved communities; and (4) ensuring fuel distributors and their employees receive assistance to transition to new business opportunities and employment. I welcome the opportunity to work with you to develop an equitable and effective Model Rule. Please feel free to contact me at lesliebellas@gmail.com if you would like to discuss these comments.

Best regards,

Leslie Bellas