



February 28, 2020

Kathleen Theoharides, Secretary
Massachusetts Executive Office of Energy and Environmental Affairs
Chair, TCI Leadership Team

R. Earl Lewis, Jr., Deputy Secretary
Maryland Department of Transportation
Vice Chair, TCI Leadership Team

**Re: Joint Comments on Transportation and Climate Initiative Draft
Memorandum of Understanding**

Dear Secretary Theoharides and Deputy Secretary Lewis:

I. Introduction

The Northeast Clean Energy Council (“NECEC”), the Alliance for Clean Energy New York (“ACE NY”), and Renewable Energy Vermont (together, the “Joint Commenters”) appreciate the continued efforts by each of the jurisdictions in advancing the design process of the Transportation and Climate Initiative (“TCI”). The Joint Commenters represent organizations headquartered in 3 TCI jurisdictions: Massachusetts, New York, and Vermont. The Joint Commenters are pleased to have the opportunity to provide comments on the draft TCI Memorandum of Understanding (“the Draft MOU”) released on December 17, 2019.

NECEC is a clean energy business, policy, and innovation organization whose mission is to create a world-class clean energy hub in the Northeast, delivering global impact with economic, energy and environmental solutions. NECEC is the only organization in the Northeast that covers all of the clean energy market segments, representing the business perspectives of investors and clean energy companies across every stage of development. NECEC members span the broad spectrum of the clean energy industry, including clean transportation, energy efficiency, wind, solar, energy storage, microgrids, fuel cells, and advanced and “smart” technologies. Our members are excited by the possibilities for TCI.

ACE NY is committed to the promotion of clean, renewable electricity technologies and energy efficiency in New York State in order to increase energy diversity and security, boost economic development, improve public health and reduce

air pollution. ACE NY is a member-based organization with a mission of promoting the use of clean, renewable electricity technologies and energy efficiency in New York State, in order to increase energy diversity and security, boost economic development, improve public health, and reduce air pollution. ACE NY has members engaged in the wind power, solar energy, hydropower, fuel cell, biomass, offshore wind, transmission, and energy efficiency industries. Our members also include environmental organizations and consultants and suppliers to the clean energy industry. ACE NY actively participates in proceedings at the Public Service Commission, the New York Independent System Operator, and FERC to advocate for the clean energy policies that New York needs to grow business opportunities for renewable energy and energy efficiency businesses.

Renewable Energy Vermont propels climate solutions and Vermont's clean energy economy which directly enables more than 18,800 jobs at 3,612 businesses representing approximately 6% of Vermont's workforce. Together, we will achieve 100% total renewable energy (electricity, heating, & transportation).

II. The Draft MOU Establishes a Pathway to Effective Program Implementation

The Joint Commenters believe that TCI is an efficient vehicle through which significant emissions reductions from the transportation sector can be achieved. Transportation pollution negatively impacts the residents in every state and every country. Not only are people burdened with immediate health effects, such as asthma, they are also burdened with the impacts of climate change that are accelerated and worsened by transportation emissions.

In setting the starting level and trajectory for the regional cap, TCI jurisdictions should consider the urgency of the climate crisis and the commitments from the states to address emissions. The most recent report from the Intergovernmental Panel on Climate Change ("IPCC") makes it clear that we must reach net zero emissions by 2050 if we are to limit global warming to 1.5 degrees Celsius.¹ Further, most of the states taking part in TCI have emissions reduction targets. Without prompt and aggressive action on transportation pollution, we will fail to address our contributions to global warming and to meet our emissions reduction targets.

The Joint Commenters stress the importance of right-sizing the initial cap and rate of allowance decline. The Regional Greenhouse Gas Initiative ("RGGI") suffered from an initial cap that was set too high and an allowance decline rate that was not aggressive enough in the early years. As a result, program revisions were required to adjust those mechanisms downward. This experience should (a) inform the process of setting appropriate program limits and (b) highlight the importance of establishing a review mechanism for adjusting core program mechanics, as necessary, in the early

¹ [Global Warming of 1.5 Degrees Celsius, IPCC Special Report](#)

years of the program. TCI is designed similarly to successful programs, like RGGI, and should benefit from lessons learned.

TCI jurisdictions must also contemplate the most effective use of revenues. Each jurisdiction participating in TCI faces unique opportunities and challenges with respect to transportation. Particularly, many TCI jurisdictions have dense urban areas, as well as rural areas. Successful implementation of TCI will ensure that *all* residents benefit from revenue investment. Smart investments will allow the jurisdictions to leverage the revenue generated by TCI to reduce the costs of compliance and accelerate the rate of emissions reductions. The Joint Commenters recommend dedicating a portion of the revenues to investment into innovative solutions to transportation emissions, including transportation electrification. Public, private, and nonprofit clean transportation partners will utilize investments to accelerate the research, development, and commercialization of products, services, and business, financial, and partnership models that will be essential to the transition away from carbon-intensive transportation. Each jurisdiction should pursue a strategy of investment in innovation.

III. Equity

The prioritization of equity in the TCI design is key to its success, and the Joint Commenters commend its inclusion as a top priority. TCI must – and, we believe, can – be designed to dramatically reduce greenhouse gas emissions from the transportation sector while also improving access, mobility, and public health for vulnerable and marginalized populations. Ensuring this outcome will require a continuation of the inclusive and strong public process to date. Considering the differences among and within the states, flexibility in the utilization of TCI proceeds to address and prioritize equity, mobility, and access for rural, low income, vulnerable, and marginalized populations is essential.

In rural areas, transportation is a major equity issue. It is often a barrier to accessing and retaining a job. It is also a tremendous energy burden for low income households, where transportation costs account for a significant percentage of overall energy spending. Strategies that serve rural regions well and enable access to clean, diverse transportation solutions are needed. TCI investments could serve as an important means to spurring the innovation needed to make this transition. We hope TCI investments will drive innovation, including to fund innovative pilots such as micro-transit, electric vehicle car sharing, or other creative strategies that could drive reductions, enable access, and fill in the gaps where other strategies might fall short.

IV. Conclusion

The Joint Commenters appreciate the opportunity to comment on this regional proposal to address transportation pollution. The Draft MOU represents the next step towards successful implementation of the program and illustrates the great deal of work

that has been done to consider the program's designs. We look forward to continuing to engage with stakeholders and jurisdictions as this process moves forward. Should you have any questions, please do not hesitate to contact us.

Sincerely,



Peter Rothstein
President, NECEC



Anne Reynolds
Executive Director, ACE NY



Olivia Campbell Andersen
Executive Director, REV

cc: TCI Leadership and Workgroup Co-Chairs
Vicki Arroyo, Executive Director, Georgetown Climate Center