September 24, 2019

Statement of Support for the Transportation and Climate Initiative's Development of a Transportation Cap and Invest Program

To: Leaders of the Transportation and Climate Initiative States and Region

Our companies serve the electric needs of millions of customers in the Transportation and Climate Initiative (TCI) region. In the past decade, the electric utility industry has made significant reductions in greenhouse gas emissions and great strides towards improved air quality, while continuing to provide affordable and reliable service.

Climate change is a critical threat to our communities and our businesses. Creating a cleaner transportation sector will be necessary to tackle this issue. Greenhouse gas emissions from transportation now eclipse the emissions from electricity generation, both in our region and nationally. At the same time, our regional infrastructure for moving people and goods is in dire need of repair and improvement. Traffic congestion is frustrating and costly, while transit has not kept pace. Solving these problems—the global and local, the long-term and the daily quality of life—will require concerted regional cooperation.

State and local governments are committing to greenhouse gas reductions and other transportation planning initiatives that will require the transportation industry to take action, including advancing electric transportation. In turn, we are committed to being a partner to governmental policymakers in achieving their goals.

The good news is that transforming many modes of transportation has become increasingly feasible and affordable. Electrified transportation of all types—from passenger cars to buses to rail to ports to delivery trucks—are available in the marketplace and gaining commercial momentum. Critical and innovative services, like transit systems that link to "last mile" connectivity and rideshare programs, are also taking advantage of electric solutions and increasingly incorporating electricity into their growing operations.

The future of mobility is electric. We are dedicated to supporting our customers and undertaking the infrastructure and operational investments to help make this electrified future a reality now.

For these reasons, we have taken keen and constructive interest in your efforts to develop a set of market-based regional policy solutions, including a cap-and-invest regime for on-road motor fuel emissions to lower greenhouse gases and other air pollutants, while generating revenues for reinvesting in clean transportation. We were heartened by your statement in December 2018 that ten jurisdictions stretching from Virginia to Vermont have dedicated themselves to solutions that

move people and goods more efficiently while generating less pollution through a pollution pricing mechanism.[1]

We are very familiar with the Regional Greenhouse Gas Initiative and other market-based pollution reduction programs, such as the federal Acid Rain Program under the Clean Air Act. We and others in the electric sector are subject to these market-based programs and we know and understand how effective and efficient such programs are today. Our experience confirms the wisdom of cap-and-invest programs for delivering regional environmental, economic, and social benefits.

We have observed your process of seeking public engagement and input on establishing data-driven analyses of potential economic and environmental impacts of policy options. We urge you to continue to rigorously analyze the costs and benefits of a transportation cap-and-invest program, and we are confident that when thoroughly analyzed the data will show that there are substantial net benefits for the economy and the environment from a well-designed regional policy that caps greenhouse gases emitted by the transportation sector and invests resultant revenues in cleaner modes of mobility and more resilient infrastructure.

A cap-and-invest program can support an electrified transportation ecosystem that results in greater adoption of electrified cars, transit, school buses, freight delivery, and commercial mobility, along with an improved quality of life for residents in our most vulnerable communities. It can do so by creating market incentives for low-emissions, supporting customer choice, and investing directly in electric technology development and deployment.

We are also confident that the resulting improved efficiency in grid utilization can yield net benefits for all utility customers. Provided important policy design mechanisms, as demonstrated in many wide-ranging analyses, such increases in electricity use can lower electric rates as a result of spreading grid infrastructure costs across a wider user base. This can help lower total costs for all customers to power their homes and businesses. The region would then also retain the full economic benefits of locally-sourced transportation energy.

Strategic reinvestment of transportation cap-and-investment revenues will be critical to achieve further reduction in emissions and customers costs, improvement in transportation options and technologies, and an equitable program. For example, investment in improved transportation infrastructure can lower emissions by both supporting lower emitting transit vehicles as well as reducing reliance on private vehicles, supporting equity and access for all residents, creating local jobs, and enhancing the resiliency of essential networks. Such an investment could simultaneously strengthen the electrical grid while building the clean mobility systems of the twenty-first century.

[1] https://www.georgetownclimate.org/files/Final_TCI-statement_20181218_formatted.pdf

As you move into the next phase of policy design and consideration, we look forward to being involved in the discussion. We believe we have useful insight to offer to help refine details and market design, and options for implementation, while ensuring that all electric utility customers benefit from this transition.

Sincerely,