



December 3, 2019

Response to Transportation and Climate Initiative Framework for a Draft Regional Policy Proposal

Dear state government TCI officials:

This statement responds to your call for comments on the “Framework for a Draft Regional Policy Proposal.” We greatly appreciate your openness to public input on the proposal, and the depth of discussion in your draft.

We represent the Massachusetts Campaign for a Clean Energy Future (MCCEF), which is a coalition of organizations advocating for an economy-wide carbon pricing policy in the state. As such, we support the development of a robust and equitable cap-and-invest program for the transportation sector through TCI, but also recognize that TCI and RGGI only get us two-thirds of the way toward an economy-wide system, and urge states to extend carbon pricing to the heating fuels sector. Only by implementing carbon-reduction strategies throughout all the major fossil fuel-consuming sectors can the states achieve their goals to reduce emissions by 80 percent by 2050 -- or the more ambitious goals now being implemented in many states, such as 100 percent clean energy. Given the severity of the climate crisis, we cannot wait to take action to reduce carbon emissions from all sectors.

We support the points put forward by the Our Transportation Future (OTF) coalition, and some of our groups are members of that coalition. We will add here only points that are additional to OTF's, or that we need to additionally emphasize.

Attached along with this statement we are attaching our Statement of Principles, which gives our criteria for a carbon pricing policy that is sufficiently strong to move our economy toward zero emissions. Our two basic principles state that carbon pricing must:

- Achieve, in combination with other policies, the state's GHG reduction mandates;
- Ensure that the vast majority of low-income, and most moderate-income, people come out ahead or even from the combination of carbon pollution charges and use of the resulting revenues for rebates/tax cuts and reinvestment.

Beyond those two principles, below are our comments specific to the plan for TCI:

Cap levels - the cap must be set, initially and in future years, so that it will achieve in the transportation sector the reduction in emissions called for by the Massachusetts Global Warming Solutions Act and by similar acts in other states, which is at least 80 percent by 2050.

Given that the transportation sector constitutes the largest portion of our emissions, we believe that this requires a 40 to 45 percent reduction below 1990 levels by 2030. As calculated by OTF, this would require beginning with a cap level of 250 MMT in 2022 and declining by 40 percent to just over 150 MMT by 2032.

Recent scientific evidence indicates that greater reductions are needed, and we would urge the TCI states to set the caps according to this evidence. We would further urge the states not to set the cap levels higher in order to prevent allowance prices from rising above a predetermined level. While such prices may cause motor fuel prices to rise significantly, the depth of the climate crisis means that we cannot avoid such price rises - which can be mitigated through use of the proceeds.

Use of the proceeds - We understand that use of the proceeds will be up to the individual state governments, but we believe that TCI should set standards for their use, just as was done under RGGI. Most carbon revenues should be allocated to investments that reduce GHG emissions, while also meeting essential public needs and creating jobs. This includes projects that support low-carbon transportation, including public transit and electric vehicles, and resilience to climate change impacts. The burdens of higher fuel prices can be mitigated by using the proceeds from allowances in ways that reduce transportation costs for environmental justice communities, low-income populations, and other vulnerable groups. *In addition to investment spending, proceeds returned as cash benefits to low and moderate income consumers may be necessary to ensure that low- and moderate-income populations benefit from the program.*

Just Transition - We believe that a Just Transition to a clean energy future requires addressing the possible losses that will occur to workers who lose jobs and to communities that face losses to their economies and tax revenues due to shrinkage of fossil fuel industries. We therefore support the provision of transition benefits and training for workers and communities who are affected. We also urge that all employment provided with carbon pricing revenue be at union-scale wage levels.

Integrity of the cap - The various design aspects of the program should be transparently constructed and limited in order to ensure the program's effectiveness. In particular, measures taken to moderate the costs of the program, such as offsets, price ceilings, and banking must only allow the cap to be exceeded in extreme circumstances and for limited time periods.

- Baseline emissions must be transparently calculated and the initial cap must be stringent enough to avoid a future surplus of "banked" allowances.
- If offsets are allowed they must meet the requirements currently used by the Regional Greenhouse Gas Initiative, including that offset projects should take place only within the regulated territory covered by TCI.
- If a Cost Containment Reserve (CCR) is included, the trigger price must be set sufficiently high so that additional allowances are only made available under exceptional circumstances. If CCR allowances are purchased, the cap should further be reduced over the following five years by a quantity equal to or greater than the amount of CCR allowances purchased.

- A price floor must be included that ensures stability of revenues and allowance prices in the range anticipated in the policy design.

Thank you for allowing us to provide our comments concerning the design of TCI. We look forward to further discussions on how best to reduce transportation sector emissions and to improve the functioning of the region's transportation systems.

Yours truly,

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