

## **RE: Draft Memorandum of Understanding of the Transportation and Climate Initiative**

The Transportation and Climate Initiative (TCI) seeks input from stakeholders regarding specific considerations that ought to be factored into the Model Rule and starting level for a regional cap, compliance structure, and stability mechanisms. As a Master of Public Health student in the Environmental Health Department at Boston University School of Public Health, I offer my comments and recommendations based on my understanding of Environmental Health, Environmental Justice communities, and Environmental Policy.

The TCI aims to implement a program with four main objectives: reduce greenhouse gas emissions, improve air quality and public health, enhance transportation options, and alleviate the burden environmental justice communities bear in regards to poor air quality and limited mobility. TCI states that transportation contributes to 40% of GHG emissions in the Northeast and Mid-Atlantic region; the proposed MOU is therefore appropriate to address issue of GHG emissions from the transportation sector, not only in an attempt to mitigate climate change but also to improve public health by reducing harmful co-pollutants like SO<sub>2</sub> and NO<sub>x</sub> and increasing mobility in congested, urbanized areas.<sup>1</sup>

### STABILITY MECHANISMS

TCI seeks input on which factors it should consider when designing stability mechanisms for managing uncertainties in future emissions and allowance prices. The rate of reduction in emissions is critical to ensuring the sustainability of revenue needed for investment. Successful reduction from the fuel sector, and consequently fewer allowances being purchased, may cause a decline in generated revenue. The Model Rule must control the rate of reductions in order to sustain reliable revenue from fuel suppliers to invest in clean transportation alternatives. A dynamic allowance structure would provide additional stability in response to uncertainty in future emissions.

The Memorandum of Understanding (MOU) provides strategies to respond to unpredictable changes in market costs and demand in section “G. Stability Mechanisms”.

Suppliers trying to maximize profits will purchase allowances, bringing in more revenue for alternative transportation initiatives. As alternative transportation options become available, consumer demand for fuel drops. To maintain pressure on suppliers to continue reducing emissions, the cap will continue to drop over time. However, if this drop occurs too quickly, suppliers will not be inclined to buy allowances and revenues will fall. In addition to the CCR and ECR mechanisms proposed, TCI should implement a minimum cost for allowances that **increases** annually. This dynamic floor cost would compensate for expected long-term trends in lower demand for fuel. It also de-incentivizes industries to buy allowances, thus reducing emissions further, yet still maintains a revenue margin that allows TCI to reach its objectives. The Climate

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<sup>1</sup> Driscoll CT, Buonocore JJ, Levy JI, et al. US power plant carbon standards and clean air and health co-benefits. *Nat Clim Chang*. 2015;5(6):535-540. doi:10.1038/nclimate2598

Law and Policy Project make similar recommendations in their comment under the “Accelerating Reductions” section.<sup>2</sup>

Predicting market trends and consumer behavior requires accurate models. These models can be very good, but are seldom completely accurate. To ensure the success of a TCI program, the Signatory Jurisdiction should consider additional strategies to maintain a controlled reduction rate.

## COMPLIANCE

TCI also seeks input on how the compliance period should be structured to provide needed flexibility, while ensuring environmental integrity. As discussed above, the time period for compliance is closely interconnected to market dynamics. I suggest that the period ought to be stringent enough so the emissions are enforced in a reasonable timeframe, though not so stringent to compromise the economy and solvency of suppliers. Too stringent and narrow of a compliance period may accelerate reductions and lead to a rapid drop in demand, which could destabilize the revenue structure needed for TCI to be successful. Allowing for offsets and allowance purchase should be permitted, but limited. The role of allowances and offsets should be primarily to control the rate of reduction, and encourage reduction rates to reflect those of development and utilization of alternative transportation measures.

I support the implementation of TCI. The initiative has four equally important objectives, three of which exist independent of the politics surrounding climate change. TCI not only reduces GHG, but also improves air quality and public health, reduces congestion and improves mobility in urban areas, and rightfully address environmental pollution issues that disproportionately burden Environmental Justice communities. All jurisdictions should support and participate in the Transportation Climate Initiative to protect individuals’ rights to a clean environment, ensure effective transportation for all, and promote health that is not burdened by the consumption behaviors of the “haves” against the “have nots”.

Respectfully,

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<sup>2</sup> Climate Policy & Law Project, TCI Stakeholder Input, 2019.  
[https://www.transportationandclimate.org/sites/default/files/webform/tci\\_2019\\_input\\_form/CLPP%20comments%20on%20TCI.pdf](https://www.transportationandclimate.org/sites/default/files/webform/tci_2019_input_form/CLPP%20comments%20on%20TCI.pdf)