

Comments on the Transportation and Climate Initiative Draft Memorandum of Understanding February 28, 2020

National Grid appreciates the opportunity to comment on the Transportation and Climate Initiative (TCI) Draft Memorandum of Understanding (Draft MOU). We commend the leadership of the TCI states and the progress that TCI has made over the last year in working to develop a regional policy to reduce transportation CO₂ emissions.

National Grid is an electricity, natural gas, and clean energy delivery company serving more than 20 million people through our networks in New York, Massachusetts, and Rhode Island. National Grid also operates the systems that deliver gas and electricity across Great Britain. National Grid is transforming our electricity and natural gas networks with smarter, cleaner, and more resilient energy solutions to meet the goal of deeply reducing greenhouse gas emissions. Our [Northeast Decarbonization Pathway](#) is an industry-leading analysis of how to reach deep decarbonization in the states we serve, focusing on the power generation, heat, and transportation sectors, while also acknowledging affordability is important to our customers and stakeholders.

National Grid is committed to achieving deep decarbonization across the Northeast, and is committed to supporting each of our states as they work to identify pathways for advancing their decarbonization goals. The transportation sector, which is currently the largest emitter of greenhouse gases, is poised for meaningful and necessary reductions. As outlined in our Northeast Decarbonization Pathway, we support an economy-wide price on carbon, and believe a regional, market-based framework for transportation that builds upon the success of the Regional Greenhouse Gas Initiative can provide a valuable step in that direction. This approach will encourage the most cost-effective emission reductions in the sector while raising state revenues to fund publicly beneficial investments to support transformation of the transportation sector.

Aggressive action to reduce transportation CO₂ emissions is necessary if our states are to achieve their climate objectives and meet their 2025 targets under the Zero Emission Vehicle Memorandum of Understanding.¹ Emissions from the transportation sector currently account for more than 40% of the Northeast's CO₂ emissions. Electrification of transportation is critical to transportation decarbonization. As our Pathway analysis notes, achieving an interim goal of 40% reductions by 2030 will require adoption of 10 million electric light duty vehicles in the region (equivalent to 50% electrification), far in excess of forecast adoption rates.

Achieving the necessary degree of transportation electrification to meet decarbonization goals will require substantial investments in the near term – a recent study by MJ Bradley and Associates estimated that investments of \$12-\$25 billion over the next 10-12 years would be needed.² However, the potential benefits to our customers and our region as a whole are large, with economic and environmental benefits estimated at over \$300 billion between now and 2050.³ In addition to significant CO₂ reductions, electrification of transportation will lead to meaningful reductions of nitrogen oxide, volatile organic compounds, particulate matter emissions from vehicle

¹ On October 24, 2013, the eight governors of California, Connecticut, Maryland, Massachusetts, New York, Oregon, Rhode Island, and Vermont signed a Zero Emissions Vehicle Memorandum of Understanding (ZEV MOU) with a goal of reducing greenhouse gas and smog-causing emissions. Under the ZEV MOU, the signatory states collectively committed to having at least 3.3 million ZEVs on our roads by 2025, along with the infrastructure to support these vehicles.

² Estimated investment needed in the region to achieve 60-80% reductions from the transportation sector by 2050, with most of this investment going to electrification. MJ Bradley and Associates. "Decarbonizing Transportation: The Benefits and Costs of a Clean Transportation System in the Northeast and Mid-Atlantic Region. October, 2018. <https://www.ucsusa.org/sites/default/files/attach/2018/10/reducing-emissions-northeast-report-full.pdf>.

³ Ibid.

tailpipes, all of which have more local effects, and are often most acutely concentrated in lower-income communities. Utility customers will benefit from downward pressure on rates that results from increased utility revenue due to higher usage and more efficient utilization of distribution system assets. Vehicle owners will benefit from reduced fuel and vehicle maintenance costs. In addition, the region will benefit from the economic development associated with the construction, operation, and maintenance of EV-related infrastructure, and would retain the economic benefits of regionally-produced transportation energy.

National Grid is committed to leading by example on the electrification of the transportation sector:

- National Grid will be implementing \$44 million in electric transport related initiatives - such as charging infrastructure, customer outreach/education, and grid integration - over the next five years across our jurisdictions, and expects this number to grow;
- Launched an electric vehicle (EV) adoption program for employees, facilitating the sale/lease of more than 350 EVs since the program launch in 2018;
- Installed over 100 charging ports at 20 of our facilities to date, with more planned soon;
- Committed to investing 5% of corporate fleet budget to EVs;
- Owns and manages 150 Level 2 stations across our jurisdictions and have installed three DC fast charging stations in the Commonwealth with state grant funding;
- National Grid played a leadership role in the national [Alliance to Save Energy's "50x50 Commission."](#) a diverse group of stakeholders working to reduce energy use in the transportation sector by 50% by 2050 while also meeting future mobility needs; and
- Our CEO, John Pettigrew, serves as co-chair of EEI's Electric Transportation Task Force

National Grid is specifically committed to ensuring that investments in decarbonization and transportation electrification benefit all of our customers, especially our low and moderate income (LMI) customers. Our existing programs include commitments to ensure electric vehicle charging infrastructure benefits low-income communities, and has also included efforts to advance electrification of urban mass transit, working with transit authorities to support the addition of electric buses in Albany, NY, and Providence, RI.

While National Grid offered specific comments on TCI policy design considerations in its November 5, 2019 comments on the Draft Regional Policy Framework, we wish to expand upon those comments to further emphasize the necessity of using TCI revenue to ensure that meaningful benefits are provided to LMI customers -- many of whom struggle to pay their energy bills and fill their gas tanks -- and that the economic burden on these customers is mitigated to the extent possible. Currently 17% of customers in National Grid's service territory have annual incomes below the federal poverty line of \$25,000, with 38% of customers having annual incomes below \$50,000. In light of this reality, the Company strongly supports the statement in the Draft MOU that:

"Each Signatory Jurisdiction agrees that it is a shared priority to expand low-carbon and clean mobility options in urban, suburban, and rural communities, particularly for populations and communities that are disproportionately adversely affected by climate change and transportation pollution and currently underserved by the transportation system. Each Participating Jurisdiction will work with communities to assess the equity impacts of the program on an ongoing basis to evaluate whether program changes are needed and to inform investment priorities."

Particular thought should be given to addressing the impacts on LMI customers during the initial years of the program, when the benefits from new investments, such as public transit electrification, may not yet be fully available, but LMI customers will be feeling the impact of increased fuel prices. Finally, National Grid agrees with the notion in both the Draft Regional Policy Framework and Draft MOU that individual states are best-suited to determining the most

appropriate use of TCI revenues to advance the objectives of TCI and commits to supporting our states as they continue to evaluate TCI and their paths forward for decarbonization.