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

To Whom it May Concern,

I appreciate being given the chance to provide my own feedback to the TCI. My name is Will Cembalest and I am an environmental economics major at Middlebury College, spending this spring term assessing the environmental, social and economic dynamics of Vermont's transportation systems. I am commenting on behalf of myself, and holding true to the best interests of the Addison County region. Vermont's largest source of greenhouse gas emissions is the transportation sector, so this program can effectively catalyze positive change in Vermont, and across the northeast region.

I would like to draw attention to MOU section I.3, Offsets, which addresses the regulations on the entity compliance and flexibility. The language used to discuss this directive is too tolerant of the state fuel suppliers. Engaging in carbon offset programs allows the state fuel suppliers to generally maintain their status quo operations, and fund alternative projects which may not most effectively support burdening low-income communities. This carbon offset procedure must set forth very stringent regulations to best support the rural communities in Vermont.

Carbon offset programs are very effective where certain carbon-mitigating, progressive projects are unable to attract the capital input necessary; the revenues from the offsets can decrease the technological and financial risk associated with the project. However, in many cases, fuel suppliers will engage in carbon offsets because they can be cheaper than using their own internal funds to invest in cutting their in-house greenhouse gas emissions. The largest issue with this scheme is that the carbon offset project would have been "implemented anyway", which was found in a study conducted in 2010 looking at the Specified Gas Emitters Regulation in Alberta, Canada. In this case, a project such as switching fuels from diesel to natural gas, or installing energy efficient commercial heaters when the dilapidated burners needed replacement anyway, qualified as a GHG offset.[1] This did not shift their emissions from their business as usual scenario, and failed to uphold the overall goal of the regulation: forcing polluters to make innovative changes to decrease emissions from the business as usual case.

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[1] Lohmann, Larry. 2010. "Uncertainty Markets and Carbon Markets: Variations on Polanyian Themes". *New Political Economy.* 15(2) (2010): 225-254, https://doi.org/10.1080/13563460903290946

If the program proves successful in the short run, it should eliminate the availability to purchase carbon offsets as an alternative, and make it an additional expenditure which state fuel providers can engage in if they wish. Under the RGGI program, which has proven successful by decreasing power plant emissions by 90% relative to the rest of the U.S, Massachusetts, Rhode Island and New Hampshire have all disbanded the ability to purchase offsets, described on the RGGI website.[2] This indicates their intentions to decrease the polluter's agency in dodging internal emissions reduction investments. For the time being, the offset program can exist only if the revenues from the project financially assist the residents within the TCI regions in transitioning towards a green fuel economy. Nowhere in the MOU is it specifically stated what kind of emissions offset projects they wish to engage in, nor the direct intention to positively impact low-income citizens. There must be several criteria for the offset project, recommended by the National Resource Defense Council. First, the offset project should be verified before the implementation of the project, not after a group collects the proceeds. Then, the project must be enforceable, where a third-party ensures its execution. Lastly, the offset must be permanent, guaranteeing that the positive impacts from project persist into the future.[3]

Since it is the citizens of the states who are bearing the consequences of increased gas prices under the TCI and face future burdens of climate change in these regions, the proceeds are needed to support them in the transition towards a greener fuel economy. This would include initiatives like electric vehicle charging stations or subsidies for purchasing electric vehicles. Nowhere is it mentioned that the offset projects will remain within the premises of the states.

If this offset program were to exist, they must truly limit the amount of carbon offsets the state fuel supplier is able to purchase over the lifespan of the program, and additionally, the proceeds must be allocated towards specifically assisting in electrifying the fuel economy.

Thank you for your consideration.

Sincerely,
Will Cembalest

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[2]RGGI. "Allowance Tracking" RGGI, 2020, accessed February 26 2020, https://www.rggi.org/allowance-tracking/offsets

[3] Palmer, Brian. "Should You Buy Carbon Offsets?", National Resource Defense Council, accessed February 26 2020, https://www.nrdc.org/stories/should-you-buy-carbon-offsets

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