



November 5, 2019

Thank you for the opportunity to comment on the Draft Framework of a Regional Policy Proposal (Framework) proposed under the Transportation and Climate Initiative (TCI). The Nature Conservancy applauds the leadership of the governors engaged in TCI and supports the efforts to develop a regional program that makes meaningful reductions of emissions and provides needed improvements to the transportation sector.

The Nature Conservancy (The Conservancy) is a global conservation organization dedicated to conserving the lands and waters on which all life depends. Guided by science, we create innovative, on-the-ground solutions to our world's toughest challenges so that nature and people can thrive together. We are tackling climate change, conserving lands, waters and oceans at an unprecedented scale, providing food and water sustainably and helping make cities more sustainable. Working in all 50 states and 76 countries and territories, we use a collaborative approach that engages local communities, governments, the private sector, and other partners.

The Conservancy believes the Framework, released on October 1 2019, is a good starting point for discussion of the critical issues that the jurisdictions and stakeholders will need to address as the process moves forward. We respectfully offer our comments on the following areas of the framework:

Equity

The Conservancy supports the jurisdictions' goals of incorporating equity into the TCI program by reducing transportation-sector emissions in a way that simultaneously improves transportation access and mobility for all. We urge the TCI jurisdictions provide meaningful outcomes for communities overburdened by pollution and underserved by transportation networks with meaningful input from the community members.

The Conservancy recently conducted public opinion research across the region on the transportation challenges facing rural residents and communities. We conducted public opinion research in Massachusetts, convened community leader stakeholder sessions in select states, and undertook a public opinion poll of rural voters throughout the TCI region. This research provides insight into the unique transportation challenges that residents of rural communities face. Residents in rural communities typically feel that they have no choice but to drive or must drive longer distances for work, appointments, and recreation opportunities while public transportation options are lacking.

Our research also identified the following trends that are impacting rural communities' transportation practices and challenges:

- Growing of elderly populations in rural communities, in part due to exodus of younger people and preference toward aging in place.
- Diminishing local options for economic mobility including proximity to good-paying jobs, schools and workforce training
- Migrating retail and commercial options – such as the loss of local family owned retail and growth of far-away big box stores -- that require people to drive longer distance for shopping

- Shrinking health care services – such as hospitals, clinics and general practitioners – which require driving longer distances
- Lack of high-speed internet services that facilitate consumer commerce and vital service access, and that provide remote-work opportunities and potential for job creators to establish operations in rural regions.

We ask that the TCI jurisdictions address the unique transportation needs of rural communities when finalizing the TCI framework and making their individual investment decisions. Based on our public opinion research, rural communities strongly support greater investment in their communities that address these issues. Please note that we highlight these issues for rural communities because we believe they have been underdiscussed in the TCI process to date and the costs of transitioning to lower carbon transportation options will likely be more expensive in areas, such as rural communities, that currently lack a diversity of transportation options. However, addressing inequity in rural communities should not come at the expense of addressing similar needs in other underserved or overburdened communities; community equity should continue to be a hallmark of the TCI process and individual state decisions.

Affected Fuels and Emissions

The framework states that the TCI jurisdictions “are evaluating whether and how to include and treat biofuels in the program.” The Conservancy believes that how TCI jurisdictions choose to treat biofuels is significant. The Conservancy developed the following principles regarding the treatment of biomass energy (which includes biofuels for transportation) in a federal carbon pricing program that we think would be equally applicable to TCI:

- **Biofuels should be included in the program as a covered fuel.** While the use of biofuels may be a pathway towards reducing transportation sector emissions, there are still carbon emissions associated with their production and combustion and therefore should be regulated as a fuel under the program. A program that fails to cover biofuels runs the risk of subsidizing fuels that might instead increase the amount of carbon released in the atmosphere.
- **No biofuel is perfectly “carbon neutral.”** TCI jurisdictions should not assume that all sources of biofuels have the same emissions reduction benefit relative to fossil fuels or that they are inherently carbon neutral. There may be other carbon emissions associated with biofuels production, such as transportation and land use changes, that must be balanced with these benefits. Proper accounting of the lifecycle emissions of biofuels is necessary for ensuring emissions reductions.
- **Credit should be given based on good carbon accounting.** One potential approach to encourage the use of proper emissions accounting for biofuels while incentivizing low or zero-carbon biofuels is to treat them identically to fossil fuels at the point of regulation when they are blended into finished fuel products. Regulated entities would then be able to receive credit for the volume of biofuels blended into the finished product if they can show, through proper accounting, the true carbon content of the biofuels used. TCI jurisdictions will need to adapt this approach once the point of regulation for the program is determined (since biofuel producers will most likely not be among the entities required to hold allowances).

Regional Caps and Allowance Budgets for Each Jurisdiction

The Conservancy generally agrees with the framework in the need for a firm emissions cap that declines over time, with allowance budgets for each jurisdiction determined as a percentage of the overall cap. We encourage the TCI jurisdictions to develop science-based targets, both for the initial cap and the rate at which the cap declines over time, that adequately reflect the emissions reductions needed to avoid the most serious effects of climate change. The caps should also be sufficient to keep each of the TCI

jurisdictions on a path to meet their overall greenhouse gas emissions goals consistent with the portion of emissions currently coming from the transportation sector in their state. Also, we strongly support the proposal in the framework to use auctions as the primary mechanism for distributing allowances.

Investment of Proceeds

The Conservancy supports the jurisdictions' desire not to be overly prescriptive in how states use proceeds from the TCI program. States have unique transportation needs and policy goals separate from greenhouse gas emissions reductions that they will need to balance as they invest in new transportation solutions. Nonetheless, we strongly support the notion that the primary focus of investments should be on measures that will further reduce greenhouse gas emissions from the transportation sector and that revenue from the program be set aside in a dedicated fund, within or complementary to the state's existing transportation fund. We respectfully suggest that the states collectively develop criteria and principles to help guide the investment of proceeds to provide greater access to affordable, low-carbon transportation options (as well as the non-transportation options listed below, where appropriate) and prioritize investments that benefit populations that have faced disproportionate burdens from transportation pollution and unequal access to mobility options. This should include, but not be limited to, addressing the equity issues raised above for rural communities.

Complementary Policies

The Conservancy agrees with the sentiment that states should pursue a number of complementary policies to further drive down emissions, reduce the cost of low-carbon transportation solutions, and address other public policy goals relevant to the transportation sector, including transportation access and equity. In addition to the complementary policy ideas described in brief in the framework, we ask that you also consider the following areas:

- **The nexus between climate mitigation and adaptation goals.** States should work to ensure that these approaches do not work at cross purposes. An example of a complementary approach is ensuring that resilient transportation infrastructure, such as right-sized culverts and bridges, enhances safety and avoids risk and reduces travel time due to washed out roads.
- **Non-Transportation options that complement clean transportation investments:** These might include:
 - Expanded availability of broadband internet to help people access services from home such as working, shopping, medical visits and service providers;
 - Land use planning such as smart growth and transit-oriented development (TOD) that fosters more compact development in targeted areas
 - Natural climate solutions that encourage the conservation, enhancement, and restoration of the natural carbon stocks and cycles, such as intact forests, wetlands, and healthy soils, through smart transportation and land use choices.
 - Complete Streets efforts to enhance safety for bicyclists and pedestrians.

Transparency

TCI regional managers and Jurisdictions should transparently manage their share of proceeds from TCI allowance auctions, with input from stakeholders and communities. State governments should work to identify investments that will deliver CO₂ reductions, improve air quality, provide resilient infrastructure, and enhance transportation options. TCI-funded investments should be transparent to the public through clear reporting of the investments made and the impacts delivered.