Transportation and Climate Initiative

Submittal on

Framework for a Draft Regional Policy Proposal

Citizen of New Hampshire

Written Testimony

Of

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1. My name is Thomas J. Murphy, Manager of Environmental Health & Safety at a regional electric/gas utility. My personal address is 5 Monias Drive, Nashua, New Hampshire 03062.

2. I have lived in Nashua, New Hampshire for over 25 years and have over 30 years of professional experience in the utility industry and an extensive background in gas and electric energy generation, storage, and delivery, with an emphasis on environmental, health and safety audit, compliance, and management systems, as well as emergency management and response to internal and external incidents (e.g., hurricanes and ice storms) impacting utilities and their customers.

3. I hold Bachelor of Art degree in Biology from Saint Anselm College, a Certificate in Public Health from the Harvard School of Public Health, and am a Certified Professional Environmental Auditor from the Board of Environmental Auditor Certifications.

4. I have submitted written testimony to regulatory entities at the state and federal levels on issues related to greenhouse gas emissions (natural gas leaks) and regional operator-dispatched, solar installations.

5. Thank you for the opportunity to comment on the *Framework for a Draft Regional Policy Proposal* (Proposal) developed by the Transportation Climate & Climate Initiative (TCI). As a general note and given the potentially far-reaching impact of the proposal, a one-month, public comment time-period is far too short. The Proposal and TCI are certainly not common knowledge to the 63.8 million Americans who will fall under its umbrella.

   Understanding that it's a draft, I have a number of concerns with the Proposal's sections, which I will detail further below.

   As an overall concern, though, no discussion on interdependencies exists in the document; a presumption appears that TCI occurs in a vacuum. True, it does reference emulating other, overlapping climate-related initiatives (e.g., the Regional Greenhouse Gas Initiative or RGGI) but no narrative of the impact TCI will have on RGGI is detailed.

   RGGI is a success primarily because power generators within its jurisdictions were already shifting from more carbon-intensive fuels (i.e., coal and oil) to less carbon-intensive fuels (i.e., natural gas) for a variety of reasons. Chief among the reasons was the cost-effectives of natural gas due to shale fracking rather than a public climate concern or public policy.

   The same level of success, though, is unlikely with TCI – even with a transition to electric vehicles (EVs). Increasing EV counts only shifts emissions from the transportation to the utility sector. This will adversely impact the success of RGGI by forcibly increasing emissions from power generators mandated to supply reliable electricity to the ratepayer or consumer. The consumer (to varying degrees) overlaps the two (as of now – independent) initiatives, resulting in TCI and RGGI being interdependent.

   The public needs to be better informed on this (and likely other) interdependencies – especially when the net benefits are not readily apparent.

Other concerns include the following:

A. Under **Equity**, no discussion on a transient transportation population or an increasing EV population is present.

   The I-80, I-95, and I-90 corridors are accessed by all Americans and Canadians, including outside the TCI's jurisdictions. The presence of these vehicles fails to address outside contributions to emissions within the TCI. The only emissions reduction opportunity the jurisdictions may have with this transient transportation population is if they refuel within a jurisdiction – even then, though, a refuel in one jurisdiction may result in emissions across one or more separate jurisdictions. Presumably, the fuel terminals and distributors will pass the increased costs associated with the purchase of allowances onto the consumer similar to RGGI, but what financial mechanism will be used to ensure an equitable distribution of an emissions cost spread across multiple jurisdictions? Uncertainty exists as to the equitable sharing of responsibilities between transient and jurisdictional populations, as well as the net benefits enjoyed by TCI-covered consumers, when no precise tracking or accountability exists for emissions generated by a transient transportation population.

   The transition to clean energy vis-à-vis EVs will be slow – even with policy mandates and presuming no loss of living standards for Americans. However, an increasing EV population (charged by increasing fossil fuel-powered generation) will essentially be exempt from a transportation emissions cap. That does not reflect the reality, though, of increasing emissions from increasing fossil fuel generation. Yes, RGGI will address these emissions, but there will be a mismatch between the transportation and utility consumers. Realistically, it will take multiple decades (if at all without an increased nuclear component) to make a full switch to clean energy sources. Throughout that whole time period, EVs will have added to jurisdictional emissions without an equitable alignment between transportation and utility consumers. Again, uncertainty exists as to the equitable sharing of responsibilities between finished motor gasoline/on-road diesel fuel and EV operators, as well as the net benefit enjoyed by TCI-covered consumers, when a transportation emission reduction results in a utility emission increase.

B. Under **Affected Fuels and Emissions**, biofuels should be managed identically to finished motor gasoline and on-road diesel fuel. Labeling them "biofuels" does not remove emissions from these fuels – fossil fuels **ARE** biofuels given their biotic origins, yet no one labels them biofuels. Additionally, such fuels should not be subsidized by other consumer populations within the jurisdictions (e.g., taxpayers or utility consumers).

C. Under **Regulated Entities**, while the details on the holding of allowances is general, care should be taken to avoid a value-added cap and trade scheme, where each downstream touchpoint of the gasoline or fuel is either obligated or compelled to cover the respective, increased financial burden associated with that level's labor, recordkeeping, and reporting requirements. For this reason, a centralized approach at each jurisdiction (i.e., state or district) makes greater sense for the management of allowances. As detailed, a debit/credit system of allowances should be created for cross-jurisdictional impacts to avoid value-added impacts; however, this should not include linking to other, established schemes (e.g., RGGI) for reasons detailed in Item 5.F. below.

D. Under **Emissions Reporting Requirements**, care should be taken to avoid duplication of counting and effort with emissions reporting. Some jurisdictions (e.g., Massachusetts) already have transportation emissions reporting requirements (using fossil fuel throughput) for certain business and commercial entities. A determination should be made prior to implementation as to which emissions reporting scheme will remain but the conclusion should not be "both." Uncertainty exists as to the net benefits enjoyed by TCI-covered consumers, with multiple and possibly competing emissions reporting requirements.

E. Under **Monitoring and Verification**, it is overly optimistic to presume TCI could use existing platforms (e.g., RGGI) for its allowance tracking system. A more realistic approach is to assume that TCI cannot avail itself of the systems. The TCI jurisdiction population and the RGGI jurisdictional population are dissimilar and fail to align consistently. Failure to recognize this feature will likely lead to increased costs for the implementation of a TCI tracking system.

F. Under **Flexibility and Cost Containment**, while linking may have the appearance of flexibility, it will compound reporting accountability and increase the risk of abuse without established and unambiguous equivalents (e.g., is one liter of unleaded fuel – 87 octane using the R+M/2 Method – the same as one standard cubic foot of natural gas with a composite high heating value of 1,104.6 Btu?). RGGI (and TCI if it links to the same) aggregates to metric tons of carbon dioxide equivalents but fails to recognize that some fossil fuels have less emissions than others, making them more desirable provided cost-effectiveness is achieved. Adding this additional layer of complexity, along with the need to audit the same to minimize abuse, appears to add an increased cost with little to no benefit to the jurisdictional consumers.

G. Under **Auctions and Allocation**, TCI's repeated claims of transparency are greatly diminished when an undefined caveat of, "…[P]articipating jurisdictions may set aside a small number of allowances that can be used to achieve other policy priorities." Clearly, the TCI's paramount goal is emissions reduction for that is the driver of global warming. Therefore, the Proposal (indeed, the whole of TCI) should be focused on that goal rather than unquantified (e.g., what is small?) and undefined (e.g., what are "other policy priorities?") pursuits. California currently uses proceeds from its allowance auctions to subsidize programs (e.g., Medicare) far removed from the benefit of emissions reduction. While these are noble policies, they fail to address climate change directly. TCI's Proposal should remained focused on its goal and not allow jurisdictions to become seized of other non-direct or tangential policies.

H. Under **Market Monitoring and Auction Administration**, the cost of such a regional organizations should be paid for solely by the jurisdictional population and not interdependent populations (e.g., taxpayers, whether at the state or federal level, should not subsidize this cost). If the organization cannot fund itself, then another scheme should be considered (e.g., self-certification under penalties and perjury).

I. Under **Investment of Proceeds**, see the response above to Item 5.G. More affordable access to transportation could take the form of California High-speed Rail, which has wasted significant monies from allowance auctions. TCI's Proposal should remained focused on its goal and not allow jurisdictions to become seized of other non-direct or tangential policies.

J. Under **Complementary Policies**, jurisdictions should **NOT** be involved in the development of green banks and other "innovative financing mechanisms." Instead, jurisdictions should be focused on establishing emissions reduction programs, lessening the impacts of climate change. This should be accomplished using the proceeds of their respective allowance auctions rather than listing the proceeds as tradable securities in a speculative banking or investment scheme. Such financial instruments already exist (indeed, even the United Nations has established a Green Climate Fund) and need not be duplicated or engaged by the jurisdictions. Adding this additional layer of complexity, along with the need to audit the same to minimize abuse, appears to add an increased cost with little to no benefit to the jurisdictional consumers.

6. In conclusion, the Proposal should be revised to (1) better reflect its primary purpose, (2) identify how it net benefits the jurisdictions' consumers, (3) detail the mechanism(s) by which the TCI will be self-supporting financially, and (4) provide prohibitions on jurisdictions becoming seized of other non-direct or tangential policies, which fail to meet the Proposal's primary purpose. This should be accomplished via the issuance of another draft of the Proposal with another public comment time period of 60 days rather than 30 days. The Proposal, as written, will impact multiple tens of millions of Americans on a daily basis and deserve the public attention and scrutiny befitting such an expansive policy.