Transportation & Climate Initiative

TCI-P Updates

Presentation to the Mid Atlantic Regional Air Management Assoc., Inc.

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Why Focus on Clean Transportation?

• The transportation sector accounts for about 40% of greenhouse gas emissions in the TCI region.
• To meet greenhouse gas emissions targets, transportation needs to be a focus.
• Reducing emissions from mobile sources also improves air quality and public health.
The Transportation and Climate Initiative (TCI) is a regional collaboration of Northeast, Mid-Atlantic, and Southeast jurisdictions.

**December 2018:** Nine States and D.C. announced their intent to design a regional approach to cap greenhouse gas pollution from transportation.

**December 2020:** Rhode Island, Massachusetts, Connecticut, D.C. are First to Sign MOU to Launch TCI-P.

In an accompanying statement, eight other Northeast, Mid-Atlantic, and Southeast states signaled that they will continue to work on the development of the details of the regional program.
TCI-P Program Goals

- Reduce carbon dioxide (CO$_2$) emissions from transportation sources
- Improve air quality and public health, increase resilience to the impacts of climate change, and provide more affordable access to clean transportation choices
- Promote local economic opportunity and create high quality jobs
- Maximize the efficiency of this multijurisdictional program to ensure greater benefits
- Advance equity for communities overburdened by pollution and underserved by the transportation system

Source: TCI-P MOU, Dec. 2020
How Does the TCI-P Cap-and-Invest Program Work?

- TCI-P reduces carbon dioxide (CO₂) emissions from gasoline and on-road diesel fuel sold in participating jurisdictions.
- This is achieved by **capping** and reducing total CO₂ emissions from these fuels and auctioning “allowances” to regulated fuel suppliers.
- Participating jurisdictions **invest** proceeds from quarterly allowance auctions in low-carbon strategies that create additional clean, safe, and affordable transportation options.

> The **cap** and the **invest** parts of the program both help to reduce emissions.

- Emissions reporting begins in 2022, the cap goes into effect in 2023.
How Will The Proceeds be Invested?

- Each participating jurisdiction has discretion to invest their share of the allowance auction proceeds:
  - Provide more affordable access to clean transportation choices;
  - **Advance equity** for overburdened and underserved communities; and
  - **Further reduce pollution**.
Public Health Benefits from Improved Air Quality & Increased Physical Activity

If all 13 jurisdictions participate,* estimated annual benefits in 2032 are:

• Up to $3.3 Billion in total Public Health Improvements
• 350 premature deaths avoided, and
• Over 11,000 fewer childhood asthma cases and exacerbations

*Includes all TCI jurisdictions from Virginia to Maine (not North Carolina)

Reducing Pollution and Improving Transportation Creates Economic Benefits

- TCI-P is projected to have a positive impact on the economy in all scenarios modeled.
- GDP, income, and jobs are projected to grow through 2032 and beyond.
- Investments in infrastructure and other low-carbon transportation projects save money for businesses and individuals through:
  - reduced fuel expenditures,
  - lower congestion, and
  - lower vehicle operating and maintenance costs.
- TCI-P can achieve progress towards climate goals and less pollution from transportation at a modest cost and net benefit for the economy.
Projected TCI-P Emission Reductions

• Establishes a cap on carbon pollution from on-road transportation that declines over time.

• The TCI-P cap, working with clean transportation investments and complementary policies are projected to reduce emissions by at least 26 percent in participating jurisdictions, from 2022 to 2032.

TCI-P: Part of a Comprehensive and Equitable Climate Response

A variety of strategies are needed to equitably reduce air pollution from transportation sources

- Strategies must address emissions from
  - The vehicles we use
  - The fuels those vehicles use
  - How, when, and where we travel

- Many actors have important roles to play
  - Various agencies within local, state, tribal, and federal governments
  - Communities, workers, and businesses

What is the role of TCI-P?
- TCI-P caps climate-altering pollution and enables targeted investments and incentives to promote public benefits where they are needed most
Important TCI-P design features
Fuel System Basics & Point of Regulation

Position holders at the Terminal Rack have the primary compliance obligation, as outlined in the draft model rule.

Flow of crude oil and gasoline to your local gas station

Source: U.S. Energy Information Administration

The bill of lading (B.O.L.) is issued by the terminal rack operator to the distributor and then accompanies the fuel shipment as it is transported.
Prioritizing Equity

- **Dedicated Investments**: a minimum of 35% of each jurisdiction's proceeds to ensure that communities overburdened by pollution and underserved by the transportation system benefit equitably.

- **Equitable Processes**: ensure meaningful input, including through an equity advisory body of people from, or who work in partnership with, underserved and overburdened communities.

- **Transparency**: assess the equity impacts of the program on an ongoing basis, including by monitoring air quality in communities overburdened by air pollution.

- **Complementary Policies**: additional policies to achieve emissions reductions, particularly in overburdened and underserved communities.

MOU Commitments to Public Engagement

• Ensure that overburdened and underserved communities can provide meaningful input into decision making processes.

• Establish Equity Advisory Bodies made up of diverse stakeholder groups, with a majority represented by overburdened and underserved communities, to advise on TCI-P decision-making:
  o Define underserved and overburdened communities
  o Recommend equitable investments and complementary policies
  o Develop metrics for evaluating program benefits

Next Steps for TCI-P
Ongoing Collaboration by 12 TCI Jurisdictions on Public Outreach and Equity

- **Next Steps for the Transportation and Climate Initiative** released by 12 jurisdictions

- Shared commitments to equity and community engagement:
  - Continued public outreach
  - Addressing the needs of overburdened and underserved communities
  - Ensure that all communities are able to provide meaningful input to decision-making processes

Next steps & Opportunities for Public Input

2019-2020: TCI-P MOU

2021: Model Rule

2021-2022: Legislative & Rulemaking Processes

2022: Reporting Requirement

2023: TCI-P Operational

Equity Advisory Bodies

Monitoring, Reporting, and Program Reviews

PLANNING FOR INVESTMENTS AND COMPLEMENTARY POLICIES

IMPLEMENTING INVESTMENTS AND COMPLEMENTARY POLICIES
Resources & Public Engagement Options

• Learn more about TCI-P:
  o https://www.transportationandclimate.org/tci-p

• Points of contact for TCI jurisdictions:
  o https://www.transportationandclimate.org/jurisdiction-points-of-contact

• Provide input through the TCI online public portal:
  o https://www.transportationandclimate.org/main-menu/tci-regional-policy-design-stakeholder-input-form

• Input regarding public engagement planning and processes is encouraged at any time.

• Input on draft model rule:
  o Portal will remain open, but input is most helpful if received by April 1
Questions?