

Transportation and Climate Initiative

**Regional Cap and Invest Program to
Reduce Greenhouse Gas Emissions
from the Transportation Sector**

Why Focus on Clean Transportation?

- The transportation sector accounts for about **36% of greenhouse gas emissions** in Rhode Island.
- In order to meet Rhode Island's 2035 greenhouse gas emissions target, we need to tackle transportation emissions.
- Reducing emissions from mobile sources also improves air quality and public health



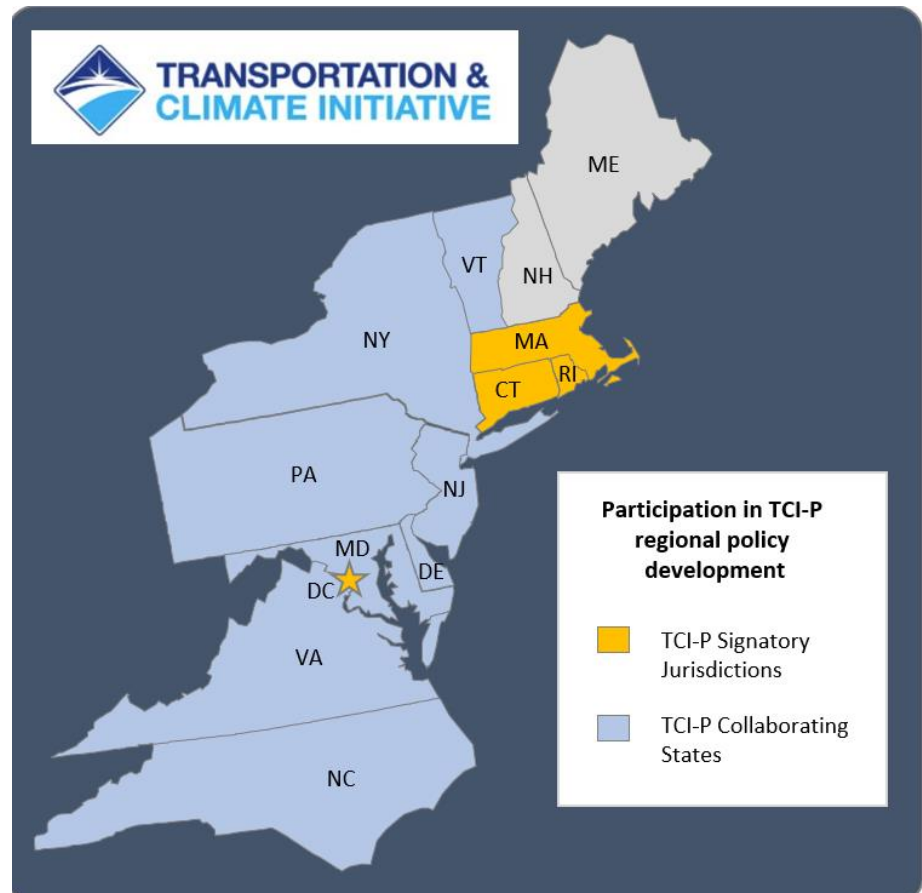
TCI : A Regional Approach

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



Principles for Program Development

- Meet carbon reduction goals.
- Improve transportation equity, especially for currently underserved and overburdened populations.
- Improve environmental and public health, especially for currently underserved and overburdened populations
- Create opportunities for innovation, job creation, and economic growth in clean transportation.
- Ensure that the benefits and burdens of both the pricing mechanism and investments are shared equitably across communities.



TCl : Program Design

High Level Program Design Elements

- Create and auction allowances based on carbon emissions from transportation fuels, i.e., finished motor gasoline & on-road diesel
- Cap the number of allowances available and reduce that cap over time
- Require that Regulated Entities (i.e., the owners of transportation fuels being distributed, mostly at fuel terminals) purchase allowances to emit the carbon compounds generated by the combustion of the fuels they distribute.

Investment of Auction Proceeds

- States develop investment plans for those proceeds to further support reductions in carbon emissions from transportation
- Plans support an investment of at least 35% to underserved and overburdened communities, with input from an Equity Advisory Panel

Program Ambition

- Program period 2022-2032
 - The cap will go into effect in January 2023, with a reporting-only year starting in January 2022.
- Program ambition: 30% reduction over 9 years
- Fair and predictable impacts at the pump
 - If fuel suppliers choose to pass their compliance cost directly through to consumers, we anticipate that prices at the pump could increase by approximately 5¢/gallon initially.
 - A Cost Containment Reserve and an Emissions Containment Reserve will control potential price volatility.

Equity Provisions

- Targeted Investment: The MOU includes a goal to invest no less than 35% of proceeds to overburdened communities
- Advisory Panel
- Metrics & Transparency
- Complementary Policies
 - Medium and Heavy Duty ZEV
 - Enhanced Air Monitoring

Benefits to RI



Benefits to
Overburdened
Communities

Public
Health
Benefits



At minimum, TCI will bring
approximately **\$20 million,**
annually, into Rhode Island

Benefits to
Businesses



Environmental
Benefits



Investment Strategies & Benefits

Rhode Island **will decide how to invest our share of proceeds** to benefit individuals and businesses, reduce pollution, and improve transportation choices for urban, suburban and rural communities.



- improve air quality by reducing harmful GHG, NOx, and PM 2.5 emissions



- reduce health concerns such as asthma caused by poor air quality



- decrease health care costs and lost productivity for businesses



- improve public transit system through expansion and electrification



- help businesses purchase and support EV fleets and charging stations for employee vehicles



- encourage the use of cleaner and quieter vehicles in neighborhoods



- reduce congestion for commuting employees and increase productivity



- enable drivers to switch to more efficient vehicles and fill up less at the pump



- expand safe bike lanes, bike paths, walking trails, and sidewalks



- create incentives for continued telecommuting to reduce long commute times



- improve high speed wireless internet in rural and low-income areas



- create jobs through infrastructure investments and boost the economy

Role of General Assembly

- To implement the program in 2022, we need to enact enabling legislation during the 2021 legislative session.
- Like the Regional Greenhouse Gas Initiative (RGGI) legislation passed by the General Assembly in 2007, key aspects of the TCI legislation will be:
 - Creation of the RI TCI program
 - Establishment of necessary authorities to:
 - Promulgate regulations
 - Create and auction allowances
 - Establish legal compliance obligations
 - Support participation in a multi-jurisdictional organization, regional auctions, and regional compliance tracking systems
 - Establish the RI TCI Equity Advisory Board
 - Establishment of a dedicated account for TCI proceeds
- If both are enacted, the Act on Climate bill and TCI enabling legislation are complementary to one another. TCI is essential to meeting economy-wide GHG emissions reductions goals in the short- and medium-term.