Some Thoughts on TCI Program Design

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1. Vermonters spend a half billion dollars a year on fossil fuels for transportation.

2. I’m not representing overburdened or underserved communities. That is their job.

3. We invested our way into this climate problem, and we will need to invest our way out of it.

3. “Poverty” means
   - You don’t have money to do things you may want to do; and
   - You don’t have the money to stop paying for things that you no longer want, and for which you seek alternatives.
TCI to adopt RGGI’s *cap-and-invest* model

• It’s a combination of pricing carbon and investing revenues raised by the program.

• A little RGGI design history could be useful to TCI success

  • When RGGI states realized that their carbon reduction approach would raise wholesale electricity prices, producing price effects on all ratepayers, they needed to find an investment solution that would both get them carbon reductions but also mitigate effects on consumers.
• RGGI states adopted many complementary policies, but

  • For the last 10 years the RGGI states have spent around 60% of their revenues on energy efficiency.

• It reduces carbon at low cost, but also hedges the exposure of electricity consumers to price increases by:

  • Lowering their bills and
  • Reducing wholesale market prices due to reduced demand.
Like RGGI, Like TCI

• RGGI increases the wholesale price of electricity; and TCI will raise the price of transportation fuels

• But how will those prices be felt?
  
  • Some Vermonters can afford more efficient cars
  
  • Some Vermonters live close to work, the hospital, and the store
  
  • Others do not
Will TCI enabling legislation articulate criteria that answer and address the following questions?

- Who will be more or less burdened by that increase;
- Who will be overburdened by that increase;
- Who has been historically underserved by the current transportation system; and
- Who, due to age or infirmity, can expect no meaningful access to the transportation system?
Will legislation articulate metrics that…

- Reflect this disproportionate effects of TCI, and
- Can serve as principles and guidelines for revenue allocation?

See VEIC’s *Mapping Energy Burden* (2016) – spending as a percentage of income for that census block).
Which of these is best suited to conduct public outreach:
• Utilities, ANR, AOT, DPS, Agency of Commerce & Community Dev.?

How about RPCs?

• They observe process goals: comprehensive planning process, encourage citizen participation.

• They’re tasked with planning goals:
  • energy efficient transportation systems,
  • maintaining and improving air quality,
  • encouraging efficient use of energy, and
  • planning for, financing, and providing an efficient system of public facilities.

Title 24 V.S.A § 4302
• Could the TCI program, for example, through block grants, encourage RPCs:
  
  • To update their transportation plans to reflect TCI goals; and
  
  • Fund transportation projects that promote TCI goals?
Conclusions

• The starting point of any Vermont transportation discussion:

  • *Status quo* – inconsistent with Vermont’s carbon goals.
  • We buy over a half billion dollars a year of fossil-based transportation fuel.

• A Vermont TCI program could:

  • Develop complementary policies that recognize the needs of all Vermonters, and

  • Establish principles and metrics that will inform program design and revenue allocation to:

    • **Reduce** transportation sector **carbon emissions**, 
    • **Target** and **remedy** likely **unintended** program **effects**, 
    • **Encourage planning** (including appropriate land-use) and 
    • **Fund local solutions**.
Thanks For Listening!