

Gina Campoli
H. 763 Testimony
February 9, 2018

Relevant Background Info

Worked in state government for 33 years - retired as of a year ago.

Last 13 years was at VTrans where I was directly involved in state efforts to address emissions from the transportation sector including:

- Drafting the transportation section of the most recent VT Comp Energy Plan,
- Participating for 6 year on the Organizing Committee of the regional Transportation Climate Initiative - an effort of the 11 northeast states and DC to reduce GHG emission from the transportation sector, and
- And for over 8 years co-chairing with Quebec Ministry of Transportation the NEGC/ECP regional Transportation and Air Quality committee whose major focus was implementing the NEGC/ECP Climate Change plan in coordination with the NEGC/ECP Climate Change Committee

The Bill:

Critically important for the state to examine carbon pricing strategies at the state level and regionally.

This does not necessarily mean adoption. it means doing the necessary homework in understanding how various pricing strategies will help achieve the state's GHG reduction goals in state statute, and the economic costs and benefits.

If the state really means to walk the talk on climate change there must be a deep dive that is neutral and unbiased and not put forth by one side or another.

With that said the bill casts a very wide net by including state level and regional approaches to any and all carbon pricing strategies and covering a wide variety of fossil fuels.

May want to separate an investigation of state carbon tax from coordinated regional pricing efforts - although state level pricing should be in the context of other states especially those nearby and with strong economic ties to VT and who may be implementing their own state level carbon pricing policies.

Regional multi-state solutions quickly get complicated. There is no specific regional policy being pursued at this time. There is a growing amount of excellent and relevant

research being done and there is an example of fossil fuel cap and invest program- the Western Climate Initiative - already going on that involves CA, Quebec and Ontario, but the region is far from adopting any specific policy that could be analyzed to the extent including the state level detail you may desire.

What's critical is that the executive branch continue to engage regionally in a meaningful and productive way that supports the state's GHG, energy, and transportation goals and priorities.

Important to recognize that the 2016 CEP articulates support for investigating market based strategies

Market based policies are one of 4 key strategies to address the state's renewable and GHG reduction goals.

***Market-based policies** (also called price-based policies) establish a new market, or shape the prices in an existing market, in order to harness market forces to achieve a policy goal. Examples include cap-and-trade systems, renewable portfolio standards, and carbon taxes. Such policies are intended to align market forces and societal objectives by sending a price signal to end-use consumers that would encourage consumption of a renewable or efficiency alternative that is societally preferred, but would otherwise be less cost-competitive. p.7*

CEP specific recommendation in support of the strategy:

Vermont should work with other states and provinces in our region, building upon existing regional initiatives including the Regional Greenhouse Gas Initiative, the Transportation Climate Initiative, and the Western Climate Initiative, to investigate and pursue options for market based GHG emission policies that integrate with the other approaches described in this CEP, and are consistent with the principles regarding revenue recycling, pace, equity, and competitiveness detailed above. p.57

Ideally I assume you would want the bill to be specific as possible as to the policies that will be evaluated. The challenge is that with the exception of the Essex Plan there are few specifics out there. And there are still many unknown aspects to the Essex Plan but its much more fleshed out than anything else at this point.

Cant possibly do a bottom up analysis for the amount of money identified in the bill.

Charge might be to assemble and evaluate all existing research, data and forecasts for the various options that exist, evaluate that information and analyses including gaps and identify a suite of policies for further investigation, evaluation and legislative deliberation. Think of it as a first phase.

Sounds awful and bureaucratic but you will need good information for what is a big policy change.

Want to say a few things about regional efforts of which I have been involved over the years.

The Transportation Climate Initiative

TCI is a collaboration of the enviro and energy agencies and the DOTs of the northeast states. Its driven entirely by the states and is supported by the Georgetown Climate Change Center.

It all started in 2010 - during the Douglas Administration - when the DEPs many of whom were involved in RGGI decided to invite DOTs to the table.

We came willingly and enthusiastically.

All of our states had GHG reduction goals and were working at the state level on the challenges of addressing transportation sector emissions. Sustainability and reliability were core aspects of the DOTs work.

In 2015 TCI members agreed to explore the viability of a regional approach to market based mechanisms to reduce carbon emissions.

The group is huge and with a variety of interests, big little, urban/rural, republican/democrat. No big commitments to any one policy. Just some hard work to figure out what the emissions and economic cost and benefits might be from different policy scenarios. We began by hearing from. British Columbia, CA and Quebec. We looked at the success and challenges of carbon tax, the Western Climate Initiative and how RGGI works today.

The latests research to be made public is available on the TCI website. It includes 2 reports

#1. Released in November of 2015 Details What transportation investment is necessary to achieve emissions goals throughout the region, what the economic benefits of this investment would be and the possible net economic and environmental benefits of a hypothetical market-based transportation policy for the TCI region. Most importantly for DOTs it was determined that pricing programs had the potential to bring transportation revenues to the states to replace those that were being lost due to increased vehicle efficiencies and reduced VMT.

#2 Published in November of 2017 Explores 2 technical aspects of a hypothetcial regional cap-and-invest policy for transportation fuels - which types fuels might be covered, and which entities in the transportation fuel supply chain might be responsible for reducing emissions.

TCl is a critical resource, not only for research, but its an effective forum for bringing disparate states and interest together to row in the same direction on how to reduce GHG in the northeast. Coordination, dialogue and agreement on how to move forward takes as much if not more effort as the research.

Any regional work is also really hard, because funds are limited. You need to have a good case to spend limited dollars at a multi-jurisdictional level. To me its obvious, our economics, power supply, watersheds, roadway network, GHG emissions all cross borders, thus we need to work together. The challenge is how given all the work we have to do within our states.

New England Governors/Easter Canadian Premiers

NEGC/ECP's efforts primarily focus on preparing for an annual meeting of the gov and premiers.

Conference of Northeast Governors - CONEG includes the New England Governors plus New York and keep the states informed of federal issues of interest to the states and work within the states on topics of common interest such as transportation and the environment.

Both have very limited funding and are driven by the governors offices although the agencies are brought in via subcommittees and assist in preparing resolutions and reports for consideration at the NEGC/ECP meeting.

At the 2017 NEGC/ECP annual meeting in PEI co chaired by our Gov and the Premier of PEI, the gobs and premiers approved a resolution to formally adopt an update to the 2001 regional climate change plan - **2017 Update of the Regional Climate Change Action Plan – Building on Solid Foundations** In the update among many possible recommendations for regional action via the COE and CCSC include:

***Market-Based Mechanisms:** Maintain a leadership role in North America in development of market-based programs designed to create clean growth economic opportunities for the region and enhance its overall competitiveness nationally and internationally. p.7*

So some work is underway. What happens next depends entirely on the leadership within the NEGC/ECP committees. Impossible to predict.