

House Energy and Technology Testimony on H 487 VW Settlement and Transportation Systems Change

Intro

- **Historic Shift: Climate Economy: Danny Kennedy—“the greatest economic opportunity in world history”**
- **Introduction to VCRD and Climate Economy Action Team**
- **What we see in communities:**
 - Ag Networks**
 - Energy Committees**
 - Incubators/Co-working Spaces**
 - Smart Growth/Small Tech/Digital Economy**
 - Recycling and wise resource use (Casella’s story)**
 - Distributed Generation**
 - Values, identity, Place**
 - Transportation Systems needs—public system expansion and unmet needs—a huge growth area!**
- **Climate Economy Assets Story**
 - Working Lands 7k new jobs**
 - Clean Energy 17k jobs**
 - Small tech, digital economy**
 - State Energy Plan**
 - GMP**
 - VELCO**
 - VEIC/Efficiency Vermont**
 - Energy Non-profits: REV Human Capital**
 - Collective Leadership**
 - VT Green Brand**
 - Every Manufacturer/Every Insurer...there is no other economy**

- **VT Climate Change Economy Council**
- **Model Communities Program**
- **National Summit**
- **Climate Economy Action Team**

Describe membership and purpose

Overview of key priorities (highlight alignment with VT State Energy Plan and the economic development and affordability goals of the Scott Administration)

The Bill

Transportation is one of the most costly household expenses and the most significant contributor to Vermont’s carbon emissions.

At this moment, we are fortunate to have a very fresh Comprehensive Energy Plan, published this time last year, that charts a course to 90% renewable energy across all sectors by 2050. That plan was the result of an immense amount of study, public engagement, and collaboration across agencies in State Government.

When we think about the 90 by 2050 goal, it is easiest to separate it into 3 buckets – electricity, thermal energy (heating and cooling our buildings), and transportation. Through the passage of the Renewable Energy Standard, you have taken significant steps forward with the electric sector. That standard stipulates we will be at 75% renewable energy in the electric sector by 2032.

The thermal and transportation sectors represent much greater challenges. Transportation represents over 40% of Vermont’s greenhouse gas emissions, and for a typical Vermonters, over half of their household energy budget. In a rural state like Vermont, with a dispersed settlement pattern, it also represents a major challenge.

A fundamental approach to increasing renewability and reducing energy use in the transportation sector, as identified in the Comprehensive Energy Plan, is fuel switching, from internal combustion engines to

electric drivetrains. An electric vehicle can cover the same distance using only ½ to 1/3 the energy relative to a normal gas-powered vehicle.

This is all important context as you consider the tremendous opportunity represented by the VW Settlement and the \$17.8 million destined for Vermont as part of the mitigation portion of that settlement. As you consider that opportunity, you should think about two paths available to Vermont. A conservative approach might be utilizing those funds simply to replace older diesel engines with more modern ones. While this may achieve modest improvements in energy efficiency, it would not model the transformative change necessary to begin to implement the wholesale change necessary in the transportation sector.

While it would advance NOx reductions, it would miss the greatest opportunity of advancing electrification—and importantly—renewable power for transportation.

An alternate path is that the VW funds are strategically deployed, within the bounds of the settlement, to model more transformative change. Settlement funds should be used in a strategic way to support comprehensive efficiency programs and services, expand infrastructure for EV charging, electrify heavy and medium duty trucks and transit, leverage private investment, and spur the expansion of disruptive and creative technologies to transform the system and keep hundreds of millions of dollars in the state and local economies each year.

A more strategic and comprehensive effort is needed to meet the state's goals and transform our system at the individual, municipal, and state levels and move towards a low carbon future and, especially, to ensure that this progress in our transportation system improves affordability and so benefits all Vermonters.

The idea of seeding a structural answer to this long term policy need and economic opportunity should be a paramount consideration. We should promote public/private collective action towards transportation transformation through the deployment of the \$17.8 million VW settlement funding to transform the public transportation and school bus markets.

It is with these goals in mind that the Climate Economy Action Team opted to include H.487 in their priority list for this year. The crafting and

issuing of an RFP to administer some or all of these VW Settlement Funds will ensure that the potential for this infusion of dollars is maximized in a way that is compatible with Vermont's Comprehensive Energy Plan.

Such a program should ensure that the funds are used in the most creative, strategic, and effective way to foster transformation of the transportation markets covered by the settlement.

Why an RFP?

- **The purpose of the RFP is to ensure that this opportunity is fully leveraged through public/private partnerships and finance strategies that will bring more money into mitigation activities.**
- **Ensures administrator has capacity to fully leverage settlement for additional funding/partnerships and requires an articulation of how that would happen as part of the bidding process.**
- **Gives higher priority to settlement – it becomes the top priority of the administrator, rather one of many state government priorities.**
- **Will catalyze creativity and innovation on how to use the settlement funds among potential applicants.**
- **State agencies may be too stretched to maximize this opportunity, especially as potential federal cuts undermine capacity.**

Through a public/private partnership, these funds can be leveraged to advance the goals of job creation, affordability and transportation systems change locally...

Most importantly—let's seize this enormous and historic opportunity to hit the streets with dollars to model that systems change now and in this

public/private partnership leverage one-time funds for long term direction for transportation systems change and all fuels efficiency!

Some Suggested changes to the bill:

Section 2 (1)

Add “health benefits” to last sentence (line 4 on page 3)

Section 2 (2)

New language to read: “Consider whether to issue a request for proposal for an administrator to design and implement the State’s plan for expenditure of Mitigation Trust Fund monies.”

Delete “...or giving authority to the State’s existing electric efficiency utility...”

Conclusions/Perspective

The challenge of affordability is the reverse of the coin of the challenge of economic renewal.

Vermont is in an economic competition to capture the imagination of the next generation of creatives...we are doing it with world’s best beers and cheeses, with our recreation economy, with small tech innovation in Chittenden County—we need to do it aggressively with vehicle electrification, public transportation, and partnering with private sector innovators to drive business solutions to the transformative opportunity and necessity in front of us.

If we add up our assets, our green brand and business successes, we have an incredible story to tell—Vermont is the beckoning country—open for business, and a thriving leader in the climate economy.

Transportation is the next frontier—and we need to lead aggressively to drive change and opportunity.

There are places in the world that will invent, test and make money by advancing economic solutions to the carbon economy and climate change...those places will thrive and be national and international models.

They will attract innovative entrepreneurs, mission oriented youth, and capital investors. This is going to be the global competition in the next 20 years.

Why not Vermont?! Based on who we are, what we value, and our collective assets, we should agree that this is our destiny and make it so.