

1 H.646

2 Introduced by Representatives Stebbins of Burlington, Anthony of Barre City,  
3 Burke of Brattleboro, Cordes of Lincoln, Elder of Starksboro,  
4 McCullough of Williston, Mrowicki of Putney, Patt of  
5 Worcester, and Yantachka of Charlotte

6 Referred to Committee on

7 Date:

8 Subject: Natural resources; energy; transportation; cap-and-invest program

9 Statement of purpose of bill as introduced: This bill proposes to direct the  
10 Governor to join the Transportation and Climate Initiative of the Northeast and  
11 Mid-Atlantic States' cap-and-invest program. It directs State agencies to adopt  
12 rules to administer the cap-and-invest program and how the program's  
13 revenues can be spent.

14 An act relating to joining the Transportation and Climate Initiative

15 It is hereby enacted by the General Assembly of the State of Vermont:

16 Sec. 1. TRANSPORTATION AND CLIMATE INITIATIVE FINDINGS

17 The General Assembly finds:

18 (1) Climate change, caused by human-made emissions of greenhouse  
19 gases such as carbon dioxide, poses serious risks to Vermont's environment,  
20 economy, and way of life.

1           (2) Approximately 44 percent of the greenhouse gas emissions in  
2           Vermont are caused by the transportation sector. As a result, any effort to  
3           reduce greenhouse gas emissions in Vermont and to address climate change  
4           must include this sector.

5           (3) Twelve Northeastern and Mid-Atlantic states, including Vermont  
6           and the District of Columbia, worked together to design the cap-and-invest  
7           program for transportation fuels under the Transportation and Climate  
8           Initiative of the Northeast and Mid-Atlantic States (TCI cap-and-invest  
9           program).

10           (4) The TCI cap-and-invest program, modeled on the successful  
11           Regional Greenhouse Gas Initiative (RGGI), will create a regional cap-and-  
12           invest program to reduce greenhouse gas emissions from the transportation  
13           sector in a cost-effective and market-based manner.

14           (5) Although the TCI cap-and-invest program may not yet be  
15           operational, it is important that Vermont enact legislation now to direct the  
16           Governor to sign a memorandum of understanding signaling intent to  
17           participate in the TCI cap-and-invest program because it is expected that even  
18           if Vermont does not participate in the TCI cap-and-invest program, and receive  
19           revenue accordingly, Vermonters will be impacted by costs of complying with  
20           the TCI cap-and-invest program. This authorization emphasizes our State's  
21           commitment to addressing climate change and allows the Agency of Natural

1 Resources, the Agency of Transportation, the Department of Public Service,  
2 other State agencies and departments, and other stakeholders to begin the  
3 complex planning process necessary for the implementation of the TCI cap-  
4 and-invest program.

5 Sec. 2. AUTHORIZATION TO ENTER INTO AGREEMENT

6 The Governor is directed to sign a memorandum of understanding stating  
7 intent to participate in the cap-and-invest program for transportation fuels  
8 under the Transportation and Climate Initiative of the Northeast and Mid-  
9 Atlantic States (TCI-P).

10 Sec. 3. 10 V.S.A. § 587 is added to read:

11 § 587. TRANSPORTATION AND CLIMATE INITIATIVE

12 (a) Transportation and Climate Initiative. Vermont shall participate in the  
13 cap-and-invest program for transportation fuels under the Transportation and  
14 Climate Initiative of the Northeast and Mid-Atlantic States (TCI-P).

15 (b) Special Fund. Net revenues above costs from the sale of allowances  
16 under the TCI-P shall be deposited into the Transportation and Climate  
17 Initiative Special Fund established pursuant to section 588 of this title. Costs  
18 shall include State administration and regional organization to support the TCI-  
19 P, and monies in the Fund shall be invested in programs and activities as  
20 described in section 588 of this title.

1        (c) Rules.

2            (1) The Agency of Natural Resources (ANR), the Agency of  
3        Transportation (AOT), and the Department of Public Service (DPS) shall adopt  
4        rules as necessary to implement this section.

5            (2) The rules shall:

6            (A) be the same as, or substantially similar to, any TCI-P model  
7        rules, regulations, and guidance;

8            (B) ensure that funds Vermont receives from the sale of allowances  
9        under the TCI-P be invested in programs and initiatives that reduce the use of  
10       fossil fuels in the transportation sector, reduce the emission of greenhouse  
11       gases from the transportation sector, and save Vermonters money, including  
12       programs and initiatives that:

13           (i) support the electrification of transportation, including:

14           (I) incentivizing and promoting the purchase of plug-in electric  
15        vehicles as defined in 23 V.S.A. § 4(85);

16           (II) providing support and assistance to State, local, and  
17        municipal governments to purchase plug-in electric vehicles;

18           (III) supporting the construction and maintenance of electric  
19        vehicle supply equipment, as defined in subdivision 201(2) of this title,  
20        throughout the State; and

1                   (IV) supporting the electrification of mass transit, including  
2                   incentivizing and promoting the purchase, lease, and use of hybrid, plug-in  
3                   hybrid, and electric mass transit vehicles; and

4                   (ii) support and expand new and existing:

5                   (I) efficiency programs in the transportation sector; and

6                   (II) programs and services provided pursuant to subdivision  
7                   8005(a)(3) of this title that support the electrification of transportation;

8                   (C) seek to minimize costs to Vermonters with low and moderate  
9                   incomes and ensure that all Vermonters can participate in and benefit from the  
10                  programs and initiatives funded by the TCI-P;

11                  (D) require entities to report to ANR the total emissions of carbon  
12                  dioxide from the combustion of transportation fuel covered by the TCI-P  
13                  imported into, refined in, or distributed within the State; and

14                  (E) authorize ANR to require third-party verification of the accuracy  
15                  of any information reported by covered entities.

16                  (d) Reports. On or before January 15 of each year, commencing in 2023,  
17                  ANR, AOT, and DPS shall submit a report to the House Committees on  
18                  Energy and Technology, on Transportation, and on Ways and Means; the  
19                  Senate Committees on Finance, on Natural Resources and Energy, and on  
20                  Transportation; and the Joint Carbon Emissions Reduction Committee  
21                  detailing the implementation and operation of the TCI cap-and-invest program,

1 the revenues collected, the expenditures made, and recommendations  
2 concerning the allocation of funds.

3 Sec. 4. 10 V.S.A. § 588 is added to read:

4 § 588. TRANSPORTATION AND CLIMATE INITIATIVE SPECIAL  
5 FUND

6 (a) There is established the Transportation and Climate Initiative Special  
7 Fund that shall be managed in accordance with 32 V.S.A. chapter 7,  
8 subchapter 5. The Fund shall be administered by the Agency of Transportation  
9 and the Equity Advisory Body established in section 589 of this title.

10 (b) The Fund shall be made up of any money appropriated to the Fund and  
11 the net revenues of any cap-and-invest program established for the purpose of  
12 greenhouse gas reduction.

13 (c) Balances in the Fund shall only be used to support the programs and  
14 activities authorized in this section and shall not be available to meet the  
15 general obligations of the State. Monies in the Fund shall be carried forward  
16 and remain in the Fund at the end of each fiscal year. Notwithstanding  
17 32 V.S.A. § 588, interest earned shall remain in the Fund. Necessary costs  
18 incurred for administration of the Fund may be withheld and credited to the  
19 General Fund.

20 (d) Allocation of funds from this Fund shall be by the Equity Advisory  
21 Body established in section 589 of this title. Not less than 50 percent of the

1 funds received each year shall be awarded to programs or projects in  
2 overburdened and underserved communities. The funds shall be invested,  
3 through the award of grants, in programs and initiatives that reduce the  
4 emission of greenhouse gases and save residents money, including programs  
5 and initiatives that:

6 (1) support the electrification of transportation, including:

7 (A) incentivizing and promoting the purchase of plug-in electric  
8 vehicles as defined in 23 V.S.A. § 4(85);

9 (B) providing support and assistance to State, local, and municipal  
10 governments to purchase plug-in electric vehicles;

11 (C) supporting the construction and maintenance of electric vehicle  
12 supply equipment, as defined in 30 V.S.A. § 201(2), throughout the State; and

13 (D) supporting the electrification of mass transit, including  
14 incentivizing and promoting the purchase, lease, and use of hybrid, plug-in  
15 hybrid, and electric mass transit vehicles;

16 (2) support and expand new and existing:

17 (A) efficiency programs in the transportation sector; and

18 (B) programs and services provided pursuant to 30 V.S.A.  
19 § 8005(a)(3) that support the electrification of transportation; and

20 (3) seek to minimize costs to those with low and moderate incomes and  
21 ensure that all can participate in and benefit from the programs and initiatives.

1 Sec. 5. 10 V.S.A. § 589 is added to read:

2 § 589. EQUITY ADVISORY BODY

3 (a) To ensure that overburdened and underserved communities are able to  
4 provide meaningful input into decisions made on grant funding, there is  
5 established the Equity Advisory Body that shall be composed of the following  
6 members:

7 (1) the Secretary of Commerce and Community Development, ex  
8 officio, or designee, who shall serve as Chair;

9 (2) the Secretary of Natural Resources, ex officio, or designee;

10 (3) the Commissioner of Public Service, ex officio, or designee;

11 (4) the Secretary of Transportation, ex officio, or designee;

12 (5) one representative from the Vermont Association of Planning and  
13 Development Agencies;

14 (6) one representative of the Department of Environmental  
15 Conservation's Environmental Justice Team;

16 (7) one representative from the Vermont Human Rights Commission;

17 (8) one representative from Efficiency Vermont;

18 (9) one representative from Vermont's small business community;

19 (10) one representative from the Vermont New American Advisory  
20 Council;

1           (11) one representative from the Association of Africans Living in  
2 Vermont;

3           (12) three representatives from the five Vermont Community Action  
4 Agencies;

5           (13) one representative from a statewide environmental organization,  
6 appointed by the Speaker of the House; and

7           (14) one representative from a statewide renewable energy organization,  
8 appointed by the Committee on Committees.

9           (b) A majority of members not serving in an ex officio capacity shall be  
10 residents of an overburdened or underserved community.

11           (c) The Equity Advisory Body shall meet within three months following  
12 the enactment of this act and shall meet at least three times each year.

13           (d) The Body shall establish an application process, eligibility criteria, and  
14 criteria for prioritizing assistance for awarding grants, loans, and incentives, as  
15 described in section 588 of this title, and shall award grants annually to  
16 projects that meet the criteria.

17           (e) The members of the Equity Advisory Body shall be eligible, but not  
18 required, to accept reimbursement to cover time and reasonable expenses  
19 incurred while serving on the Equity Advisory Body, not to exceed \$1,000.00  
20 annually per member.

1       (f) The Agency of Transportation shall provide administrative support to  
2       the Equity Advisory Body.

3       (g) Annually, the Body shall provide a report to the General Assembly that  
4       shall detail:

5           (1) the total amount of any allowances sold in the previous fiscal year;

6           (2) the total amount of monies deposited in the Fund established  
7       pursuant to section 588 of this title;

8           (3) itemized distributions made from the Fund;

9           (4) the status of any project or program receiving monies from the Fund;

10          (5) the location of any project or program receiving monies from the  
11       Fund; and

12          (6) planned allocation of monies for the upcoming fiscal year.

13       Sec. 6. RULES REQUIRED PURSUANT TO 10 V.S.A. § 587

14       (a) Pursuant to 10 V.S.A. § 587, the Agency of Natural Resources (ANR),  
15       the Agency of Transportation (AOT), and the Department of Public Service  
16       (DPS) shall adopt rules as necessary for Vermont to participate in the cap-and-  
17       invest program for transportation fuels under the Transportation and Climate  
18       Initiative of the Northeast and Mid-Atlantic States (TCI-P) and to:

19           (1) implement a market-based mechanism to limit greenhouse gas  
20       emissions from the combustion of transportation fuels covered by the TCI-P  
21       imported into, refined in, or distributed within the State;

1           (2) establish a set of carbon budgets for direct and indirect emissions  
2           associated with the transportation sector that are consistent with the TCI-P  
3           memorandum of understanding and are reciprocal with other jurisdictions  
4           participating in the TCI-P; and

5           (3) establish the cap-and-invest program to allow holders of allowances  
6           to trade them in a regional market established through the TCI-P.

7           (b) The ANR, AOT, and DPS shall consult with other State agencies and  
8           departments, the Public Utility Commission, electric distribution utilities,  
9           efficiency utilities, stakeholders, members of the public, and relevant or  
10          interested persons in developing the rules.

11          (c) The ANR, AOT, and DPS shall conduct public hearings across the State  
12          concerning the proposed rules. The ANR, AOT, and DPS shall conduct a  
13          portion of these hearings in areas and communities that have the most  
14          significant exposure to the impacts of climate change, including disadvantaged,  
15          low-income, and rural communities and areas.

16          (d) The ANR, AOT, and DPS shall, commencing on January 1, 2023,  
17          provide updates concerning the development and drafting of the rules and any  
18          relevant issues every third month to:

19               (1) the House Committees on Energy and Technology, on  
20               Transportation, and on Ways and Means and the Senate Committees on

1 Finance, on Natural Resources and Energy, and on Transportation when the  
2 General Assembly is in session; and

3 (2) the Joint Carbon Emissions Reduction Committee when the General  
4 Assembly is not in session.

5 (e) Any proposed rules required pursuant to 10 V.S.A. § 587 and  
6 subsection (a) of this section shall be:

7 (1) submitted to the House Committees on Energy and Technology, on  
8 Transportation, and on Ways and Means; the Senate Committees on Finance,  
9 on Natural Resources and Energy, and on Transportation; and the Joint Carbon  
10 Emissions Reduction Committee not less than 40 business days prior to  
11 submitting the proposed rule or rules to the Interagency Committee on  
12 Administrative Rules (ICAR); and

13 (2) filed with ICAR on or before July 1, 2023.

14 Sec. 7. 10 V.S.A. § 8003(a) is amended to read:

15 (a) The Secretary may take action under this chapter to enforce the  
16 following statutes and rules, permits, assurances, or orders implementing the  
17 following statutes, and the Board may take such action with respect to  
18 subdivision (10) of this subsection:

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20 (28) 30 V.S.A. § 255 and 10 V.S.A. § 587, relating to regional  
21 coordination to reduce greenhouse gases;

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Sec. 8. EFFECTIVE DATES

(a) This section and Secs. 1 (Transportation and Climate Initiative findings) and 2 (authorization to sign TCI cap-and-invest program memorandum of understanding) shall take effect on passage.

(b) Secs. 3 (Transportation and Climate Initiative; 10 V.S.A. § 587), 4 (Transportation and Climate Initiative Special Fund; 10 V.S.A. § 588), 5 (Equity Advisory Body; 10 V.S.A. § 589), 6 (Transportation and Climate Initiative rulemaking), and 7 (enforcement; 10 V.S.A. § 8003(a)) shall take effect upon the Governor signing the Transportation and Climate Initiative of the Northeast and Mid-Atlantic States cap-and-invest program memorandum of understanding pursuant to Sec. 2(a).