

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:

19 * * *

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).