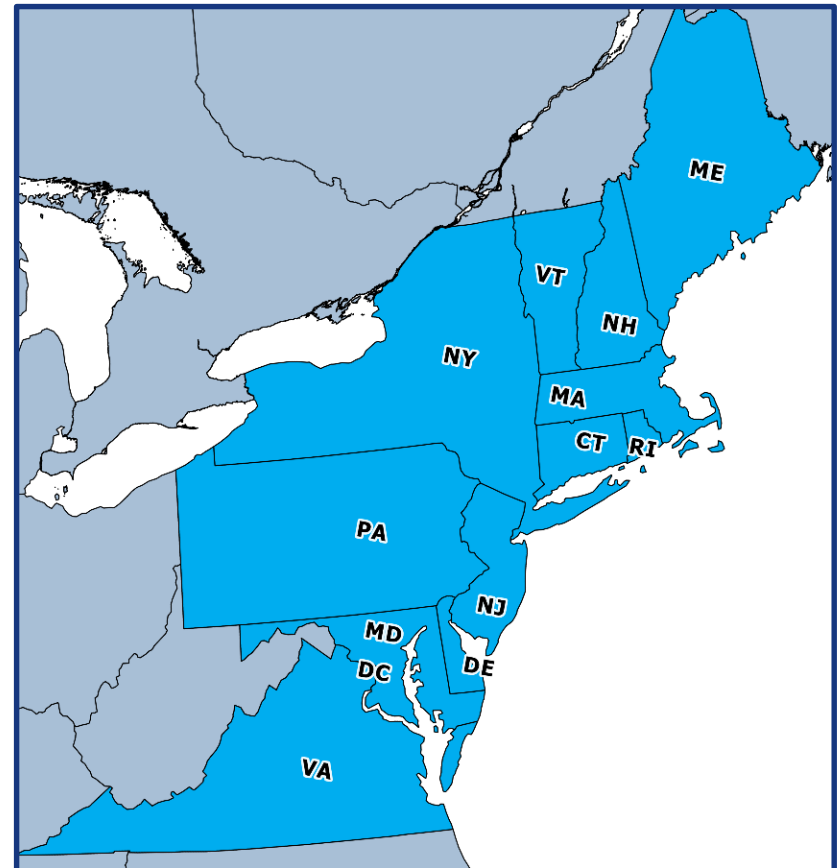


What is TCI?

Transportation Climate Initiative

Collaborative multi-state effort
to reduce carbon emissions from transportation

- TCI focused on
- annual carbon emissions
from gasoline & diesel fuel
 - = **254** million metric tons
emitted annually in region
 - = **254** becomes the initial
carbon “**cap**” in TCI’s **Cap &
Invest** program



TCI in context of other carbon reduction efforts

3 Major Emission Reduction Programs/Proposals

1. **Federal:** new car emission standards (CAFE)

- **C**orporate **A**verage **F**uel **E**conomy (CAFE) standards for [new vehicles](#)
- Important [baseline](#) for other 2
- Current administration calling for relaxation of standards

2. **CT:** Governor's Climate Change Council (GC3)

- [Most complete approach](#): clean [transportation](#), clean [electric generation](#), clean [buildings](#)
- **80%** carbon emission reduction by 2050

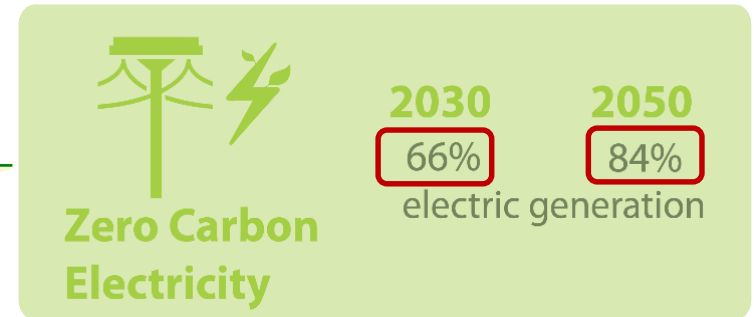
3. **TCI:** Transportation Climate Initiative

- Focused exclusively on [transportation fuels](#):
 - Gasoline
 - Diesel fuel (on-road vehicles only)

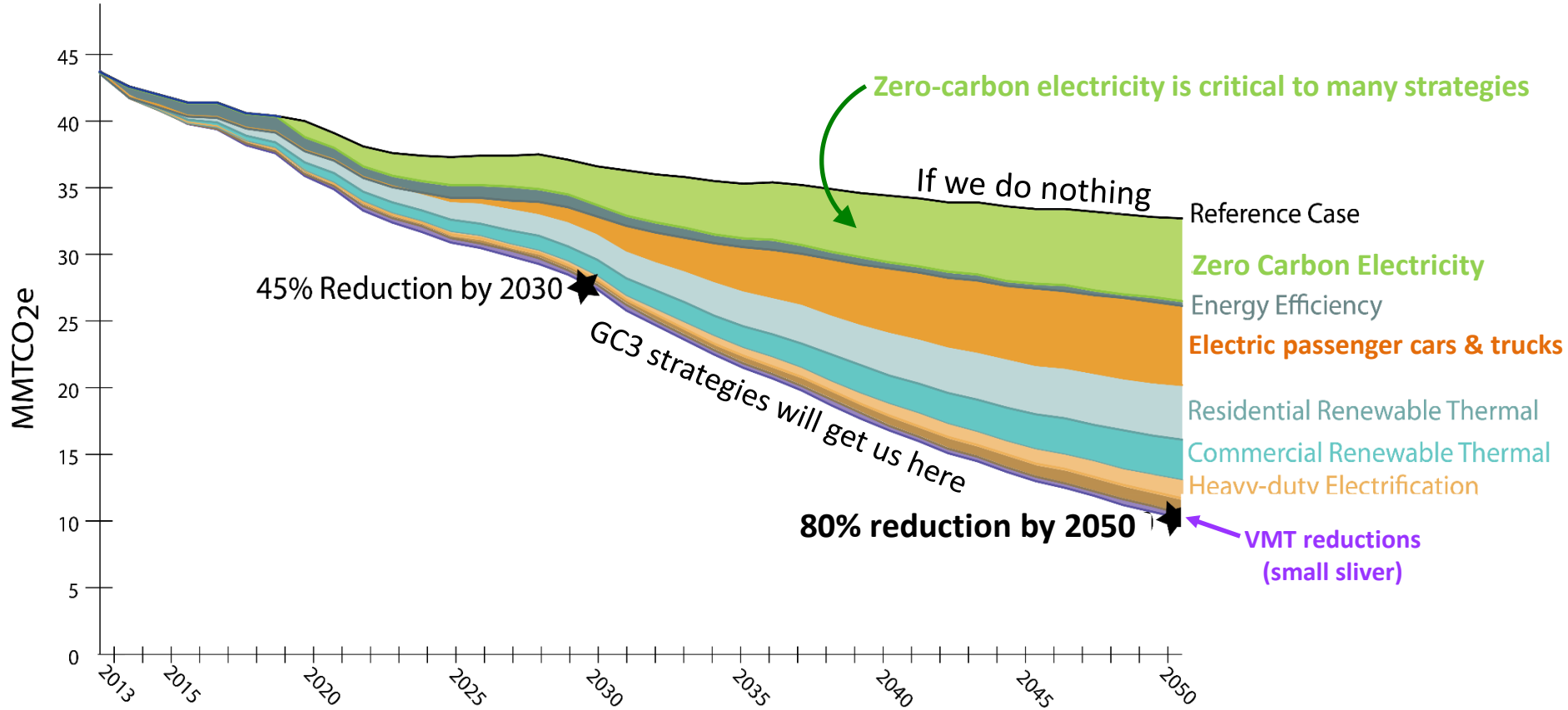
TCI in context of other carbon reduction efforts

CT: Governor's Climate Change Council (GC3)

- Addresses all sources of carbon emissions :
 - **electric power** (23%)
 - **transportation** (35%),
 - **buildings** (31%)
 - minor sources: (plus industry, waste, agriculture)
- **Goals:**
 - **45%** carbon emission reduction by 2030,
 - **80%** by 2050



GC3: CT's GHG Reduction Strategies



TCI: Transportation Climate Initiative

Coalition of 12 states & D.C.

- **Goal:** reduce carbon emissions from transportation
- **Method: “Cap & Invest”** program focused exclusively on 2 transportation fuels:
 - Gasoline
 - Diesel fuel (on-road vehicles only)

Part 1: “Capping” Carbon Emissions

- place a “cap” on carbon emissions from gasoline & diesel fuels (*initial = 254 MMT*)
- incrementally reduce the cap to reduce fuel sales (or create cleaner fuels).
- fuel suppliers (~wholesalers) must purchase emission “allowances” for emissions they are responsible for based on the volume of fuel they sell
- allowances are sold at an annual auction (fuel suppliers bid to purchase)
 - Each state receives a share of auction proceeds based on its share of emissions.
 - CT would receive about **5%**
 - \$70M per year (*20% reduction scenario*)
 - \$140M per year (*22% reduction scenario*)
 - \$280M per year (*25% reduction scenario*)

TCI: Transportation Climate Initiative

Coalition of 12 states & D.C.

Part 2: Investing auction proceeds

- **“Invest” proceeds** in GHG mitigation measures
 - Typical transportation measures like:
 - » **Rebates** for EV purchases (*supplement DEEP’s CHEAPER program*)
 - » Investing in **EV charging** infrastructure
 - » Investing in **more transit**
 - » Fund efforts to convert **30% of CT Transit bus fleet to electric** by 2030
 - » Investing in **more walking and bicycling facilities** (alternatives to cars)
 - » Investing in **system efficiencies**
- **Invest proceeds** in programs to ensure **transportation disadvantaged** populations receive an equitable share.

Cap-and-Invest: Pros & Cons

- Cap & Invest overlays other strategies aimed at reducing carbon
- Pricing carbon **reduces emissions**
 - A declining cap **guarantees emissions reductions**
 - Allowance market gives industry **flexibility** to innovate & implement **least-cost carbon reduction strategies**
- Pricing **generates revenue** for investment
 - Generate revenue **for states** to **reinvest in clean transportation & infrastructure**
- Pricing **leads to some negative impacts**
 - **Higher fuel prices** for residents & businesses
 - **Reduced gas tax revenues**

Preliminary Analysis of TCI Benefits and Costs

	Reference Case No Cap, No Investments		20% Reduction Cap With Investments		22% Reduction Cap With Investments		25% Reduction Cap With Investments	
	A	B	C	D	E	F	G	H
Year	2022	2032	2022	2032	2022	2032	2022	2032
Emissions (TCI Region) Million metric tons; % reduction	254 (3x RGGI)	206 -19.0%	254	202 -20.5%	254	199 -21.7%	253	192 -24.0%
Allowance Prices 2017\$ per metric ton	n/a	n/a	\$6	\$9	\$11	\$18	\$22	\$36
Program Revenue (TCI) \$billion/year	n/a	n/a	\$1.4	\$1.8	\$2.8	\$3.6	\$5.6	\$6.9
CT Share of Revenue \$million/yr; 5% share	n/a	n/a	\$70M	\$90	\$140M	\$180	\$280M	\$345
Gasoline Prices (TCI Avg.) 2017\$ per gallon in the TCI region	\$3.23	\$3.48	\$3.27 +\$0.05	\$3.55 +\$0.07	\$3.31 +\$0.09	3.62 +\$0.14	\$3.40 +\$0.17	\$3.76 +\$0.29

STATUS of TCI

TCI status

- Most states still considering whether or not to join
- Most states require new legislation to join
- Most states support goals
- Most states concerned about impact of gas prices
- COVID-19 putting a hold on TCI activities in some states.
- Do not expect CT to sign MOU this year. CT will continue participation.

