First-of-its-kind Regional Transport Program in Works for State Group

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The Transportation and Climate Initiative has a new effort to develop a regional low-carbon program for Northeast and mid-Atlantic member states. The proposal would reduce emissions from transportation fuels using a "cap and invest" or other pricing system. The plan was announced in a December statement signed by the District of Columbia and nine states: Connecticut, Delaware, Maryland, Massachusetts, New Jersey, Pennsylvania, Rhode Island, Vermont, and Virginia.

The jurisdictions in the reduction plan are all members of TCI, a 13-state regional collaborative facilitated by Georgetown University's Climate Center. The new program follows a year-long effort in which dozens of state officials analyzed possible policies after holding "regional listening sessions" with over 500 stakeholders. According to the joint statement, many stakeholders expressed "strong interest" in the establishment of a "market-based policy" to reduce the regional transportation sector's carbon footprint.

> The northeastern and mid-Atlantic states may ratchet down vehicle emissions

GCC Executive Director Vicki Arroyo observes that the federal government's current direction on climate policy accentuates the importance of developing a regional program. "Transportation issues by their nature cross state boundaries, so addressing pollution from the transport sector is particularly well-suited to a regional, cooperative approach."

The reduction plan would be the first regional low-carbon transportation program in the United States, although California's economy-wide program, which is linked with Canadian provinces, includes the transportation sector. Furthermore, the approach could be modeled, in part, on the Regional Greenhouse Gas Initiative, which has successfully reduced carbon emissions from the electric power sector in the Northeast.

A cap-and-invest program would set a mandatory emissions limit on covered sources across the region and allow for participating states to reinvest the proceeds obtained from auctioning emissions allowances into programs and policies to further cut pollution and improve transportation. In announcing the dual goals, the states emphasized that in addition to achieving significant reductions in greenhouse gases and other air pollutants, the program would benefit communities currently underserved by transport options or disproportionately impacted by pollution.

This past summer, TCI held public workshops in Boston, Newark, and Baltimore to obtain stakeholder input on issues ranging from modeling strategies to program performance. James Bradbury, who works under Arroyo as mitigation program director, notes that every workshop has been filled to capacity, including the 300-seat Boston venue.

Bradbury says that stakeholders across the region are "taking the program development process seriously and the state officials leading the effort are very engaged." He emphasizes that all of the TCI states are "actively" involved in program development, including New York, Maine, and New Hampshire — three states that did not sign the joint statement.

Although it has not yet been determined which fuels and businesses might be covered, Bradbury points to a GCC report that recommends the program involve finished motor gasoline and on-road diesel, because those fuels are responsible for the largest quantities of greenhouse gas emissions in the region. The report also suggests that "prime suppliers" could be regulated — firms that produce, import, or transport select petroleum products across state boundaries and local marketing areas and sell the products to local distributors, retailers, and end users. Bradbury explains that this approach avoids imposing compliance obligations on smaller entities, such as gas stations, and simplifies program administration.

The impact of the program could be substantial. In a press release, Massachusetts Governor Charlie Baker — noting that "the transportation sector is the largest contributor to carbon emissions in the commonwealth" — emphasizes that "reducing transportation emissions is imperative to combating the causes of climate change and meeting Massachusetts' aggressive greenhouse gas reduction targets."

And, according to a 2015 report by GCC and Cambridge Systematics, by 2030 a regional transportation program could potentially reduce carbon emissions between 29 to 40 percent; increase economic growth by $11.7 billion to $17.7 billion; and create 91,000 to 125,000 jobs.

Per the December joint statement, participating jurisdictions will consider stakeholder input and expert analyses and propose a final regional low-carbon transportation program design before the close of this year.