

1. **Pitch Submitted by:** Sara Forni, Senior Manager of Clean Vehicles at Ceres
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4. **Pitch Title:** Regional Market-Based Strategy Assessment to Reduce Transportation Emissions in the Northeast
5. **Pitch Summary:** Vermont's 2016 Comprehensive Energy Plan (2016 Plan) notes that the state cannot meet its energy use and emissions reduction goals without transforming how it powers its vehicles. The state's transportation fuels account for the single-largest portion of Vermont's total energy consumption, and fossil fuels are the main source of that energy. Given the size of the state, it will be difficult to make such a transformation in the absence of a regional effort. To consider how Vermont could cost-effectively reduce emissions, and continue to grow Vermont's economy, Ceres proposes to undertake a regional assessment for Governor Scott and the newly formed Vermont Climate Action Commission. This assessment would be independently funded. The assessment would be based on the 2016 Plan and would:
 - Explore the economic and environmental benefits of implementing a regional market-based strategy to reduce greenhouse gas emissions from the transportation sector, achieving rapid deployment of electric vehicles and increasing availability of advanced liquid and/or gaseous biofuels.
 - Consider the pros and cons of a Vermont-based program versus a regional program as well as the benefits for Vermont and other participating states in a regional program.
 - Evaluate the various market-based design options, the associated environmental benefits, economic costs and benefits for all Vermonters and Vermont businesses, and opportunities to return benefits to all consumers.
 - Outline the regulatory measures in Vermont that would be necessary to support these options.
 - Take advantage of Vermont's chairmanship of the New England Governors' group to explore a regional framework for achieving these transportation goals across the region.

The completed assessment would provide the essential foundation for Vermont to support the implementation of a regional market-based program for the transportation sector.

6. **What energy sector(s) does this Pitch apply to:** Transportation, electricity
7. **Which criteria category(is) does it address:** Economic activity, affordability, and vulnerable Vermonters
8. **Scale of impact on Vermont's energy and climate goals:** This assessment would start from the conclusions of existing studies that in order to meet Vermont's climate goals, significant transformation in the transportation sector must occur. For example, the 2016 Plan sets a goal of 10% renewable energy in transportation by 2025, on the way to at least 80% by 2050. Thus, the assessment would consider the corresponding emission reduction that would be required to meet such goals and the emissions reduction opportunities of a regional program.
9. **Benefits/costs of this proposal for Vermont Businesses and Vermonters:** As noted above, the assessment would compare the emissions reduction opportunities and economic benefits of implementing a regional market-based strategy for the transportation sector, including the implications for the current gasoline tax. For each policy option, it would compare the associated

environmental and economic costs and benefits for all Vermonters and Vermont businesses, and identify opportunities to return benefits to all consumers.

10. **Decision-makers necessary for this proposal to be adopted or move forward:** Based on the assessment, the Governor, legislature, state environmental regulators, and stakeholders will have the necessary information to evaluate policy opportunities that will help develop and shape a regional program to reduce emissions from the largest contributing emissions sector – transportation. The assessment will help Vermont meet its climate goals and identify opportunities for economic benefits to the state and its consumers. Given Vermont’s leadership role in the Coalition of Northeastern Governors (CONEG), Vermont can play a critical role in undertaking this assessment and convening strategic discussions to consider the potential implementation steps.
11. **Strategy and key conclusions:** In addition to the assessment strategy outlined above, it is important to note that the policy options considered would not be limited to only identifying current politically viable options. The politics of implementing a carbon reduction framework will remain challenging; however, the assessment will identify means to mitigate expected concerns surrounding the implementation and legal and regulatory requirements of a market-based program for the transportation sector.
12. **Timeline:** To achieve Vermont’s 2025 target, a policy is needed to shift emissions significantly for the transportation sector. The assessment would be completed within 12 months, with the goal of having a regional transportation framework adopted by 2020 to help establish the long-term business certainty and investment drivers needed to shift the emissions trajectory. While the transportation sector generally responds slowly to new policies, implementing a policy framework is a critical step.