

## MEMORANDUM

TO: Climate, Energy and Environment Policy Committee  
FROM: Stephen Walz, Director, Department of Environmental Programs  
SUBJECT: Transportation and Climate Initiative (TCI)  
DATE: January 23, 2019

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The Transportation and Climate Initiative (TCI) published a draft Memorandum of Understanding (MOU) on December 17, 2019, outlining the Initiative's approach for a regional cap and investment program to reduce transportation-related greenhouse gas emissions. The District of Columbia, Maryland and Virginia are three of the 13 members of the TCI. The TCI has asked that interested parties submit comments on the draft MOU by February 28, 2019.

CEEPC received a briefing on the TCI at its September 25, 2019, meeting<sup>1</sup>. More information on the TCI follows in this Memorandum.

COG staff have reviewed the TCI draft MOU and recommends that CEEPC report its support for objectives of the MOU and recommend COG Board pass a resolution and submit a comment letter to the Mayor and Governors of the District of Columbia, Maryland and Virginia in support of the District of Columbia, Maryland and Virginia's continued participation in the TCI as set out in the draft MOU. A draft report from CEEPC to COG Board and a draft resolution for the COG Board's consideration at its February 12, 2020 meeting is attached

### Background

The Transportation and Climate Initiative (TCI),<sup>2</sup> is a regional collaboration of 12 Mid-Atlantic and Northeast states including Maryland, Virginia, and the District of Columbia, working to reduce greenhouse gas (GHG) emissions from the transportation sector.

- TCI was launched with a Declaration of Intent<sup>3</sup> in 2010 signed by agency directors of transportation, environment, and utility regulatory agencies in 11 states and the District of Columbia to develop the TCI and work collaboratively in reducing greenhouse gas emissions from the transportation sector. The initiative built on the region's strong leadership and commitment to energy efficiency and clean energy issues, including the Regional Greenhouse Gas Initiative (RGGI) to reduce carbon emissions in the electric power sector. In 2018, Virginia became the 13<sup>th</sup> jurisdiction to join the TCI.

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<sup>1</sup> <https://www.mwcog.org/events/2019/9/25/climate-energy-and-environment-policy-committee-meeting/>

<sup>2</sup> <https://www.transportationandclimate.org/>

<sup>3</sup> <https://www.transportationandclimate.org/sites/default/files/TCI-declaration.pdf>

- Following a series of public listening sessions held in 2018, the TCI jurisdictions released a Statement<sup>4</sup> on December 18, 2018, of their intention to design a regional transportation policy proposal to reduce carbon emissions from the transportation sector through a cap-and-invest program or other pricing mechanism.
- TCI jurisdictions issued a Draft Framework<sup>5</sup> on October 1, 2019, for public comment, outlining affected fuels and emissions; regulated entities; compliance and enforcement; flexibility, allowance allocation and stringency; program administration; investment of proceeds; and complementary policies.
- TCI jurisdictions issued a draft Memorandum of Understanding (MOU)<sup>6</sup> on December 17, 2019, outlining the basic approach for a regional cap-and-invest program and providing more detail on a program framework in an Appendix.

TCI will be accepting public input on the draft MOU through February 28, 2020. A final MOU is expected in the Spring of 2020. Then each of the 12 TCI states and the District of Columbia will decide whether to sign the final MOU and participate in the regional program. The program could begin as early as 2022.

#### Draft Memorandum of Understanding

The December 17, 2019, draft Memorandum of Understanding expresses the desire of the signatories to create as large a regional market as possible to enable the most cost-effective emission reductions. The statements further express:

- The jurisdictions' commitment to a regional program to transition to a more sustainable, resilient, lower carbon transportation system.
- The Signatory Jurisdictions will seek to implement a regional cap-and-invest program, through the implementation of individual programs in each Signatory Jurisdiction, that will ensure emissions reductions and enable Signatory Jurisdictions to strategically invest revenues from the programs to help their residents transition to affordable, low-carbon transportation options that provide substantial public health benefits, reduce congestion, and increase economic and job opportunities.
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- A commitment to work with communities to ensure that the benefits of a cap-and-invest program flow equitably to communities that are underserved by clean transportation alternatives, disproportionately bear the costs of the current transportation system, or suffer disproportionate impacts of vehicular pollution and climate change.
- The Signatory Jurisdictions will establish in the final memorandum of understanding (MOU) a regional carbon dioxide emissions cap that will decline over time, to reduce emissions from on-road diesel and finished motor gasoline, and an objective methodology for apportioning

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<sup>4</sup> <https://www.transportationandclimate.org/nine-states-and-dc-design-regional-approach-cap-greenhouse-gas-pollution-transportation>.

<sup>5</sup> [https://www.transportationandclimate.org/sites/default/files/TCI-Framework\\_10-01-2019.pdf](https://www.transportationandclimate.org/sites/default/files/TCI-Framework_10-01-2019.pdf)

<sup>6</sup> [https://www.transportationandclimate.org/sites/default/files/FINAL%20TCI\\_draft-MOU\\_20191217.pdf](https://www.transportationandclimate.org/sites/default/files/FINAL%20TCI_draft-MOU_20191217.pdf)

proceeds to each Participating Jurisdiction, to invest at each jurisdiction's discretion to support the goals of the program.

- A commitment to jointly develop a Model Rule that will implement a regional CO<sub>2</sub> emission cap, develop a process to auction emission allowances, require regulated fuel suppliers to hold allowances to cover emissions from regulated fuels and report, and provide flexibility to ensure market stability.
- That each signatory jurisdiction will follow its required legal processes to implement the program.

An Appendix to the draft MOU provides additional ideas for program design.

### COG-MPO Convening

COG staff also are participating in discussions with an informal group from other Metropolitan Planning Organizations (MPOs) and Councils of Governments (COGs) in the TCI states. This group is organized by staff at the Metropolitan Area Planning Council (MAPC), the regional planning agency for the Metropolitan Boston area.

The group has met on conference calls and at an in-person convening hosted by the Delaware Valley Regional Planning Commission (DVRPC) in Philadelphia on June 24, 2019. This group met again on January 16, 2020 at COG to learn more about TCI's objectives and the policy development process from members of the TCI leadership team, discuss the draft MOU and accompanying analysis, consider how COGs and MPOs can engage with their membership, offer a thoughtful response to the draft MOU and to encourage a robust and equitable program design.

Materials from the COG-MPO convenings can be found on MAPC's website.<sup>7</sup>

### Attachments

- Draft COG Board Resolution
- Draft Letter to the Mayor and Governors

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<sup>7</sup> <https://www.mapc.org/resource-library/transportation-climate-initiative/>