



## MEMORANDUM

**TO:** COG Board of Directors  
**FROM:** Stephen Walz, Department of Environmental Programs Director  
Kanti Srikanth, Deputy Executive Director for Metropolitan Planning  
**SUBJECT:** Transportation and Climate Initiative (TCI)  
**DATE:** February 12, 2020

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The Transportation and Climate Initiative (TCI),<sup>1</sup> is a regional collaboration of 12 Mid-Atlantic and Northeast states, including Maryland and Virginia, and the District of Columbia, working to reduce greenhouse gas emissions from the transportation sector.

TCI published a draft Memorandum of Understanding (MOU) on December 17, 2019, outlining its approach for a regional cap-and-invest program and asking member jurisdictions to commit to continued collaboration on developing the program details and a Model Rule. TCI has asked that interested parties submit comments on the draft MOU by February 28, 2020.

The TCI jurisdictions are also developing complementary policies to support TCI's goals.

The COG Climate, Energy, and Environment Policy Committee reviewed the TCI draft MOU and recommends that the COG Board pass the attached resolution to express its support for the objectives of the TCI and that COG submit a comment letter to the Mayor and Governors of the District of Columbia, Maryland, and Virginia in support of their continued participation in the development of the program details and Model Rule for the "cap and invest" program.

## BACKGROUND

- TCI was launched with a Declaration of Intent<sup>2</sup> in 2010 signed by directors of transportation, environment, and utility regulatory agencies in 11 states and the District of Columbia to develop 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 dioxide emissions, the primary greenhouse gas, in the electric power sector. In 2018, Virginia became the 13<sup>th</sup> jurisdiction to join TCI.

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<sup>1</sup> <https://www.transportationandclimate.org/>

<sup>2</sup> <https://www.transportationandclimate.org/sites/default/files/TCI-declaration.pdf>

- Following a series of public listening sessions in 2018, the TCI jurisdictions released a Statement<sup>3</sup> on December 18, 2018, of their intention to design a regional transportation policy proposal to reduce carbon dioxide emissions from the transportation sector through a cap-and-invest program or other pricing mechanism.
- The TCI jurisdictions issued a Draft Framework<sup>4</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.
- The TCI jurisdictions issued a draft Memorandum of Understanding (MOU)<sup>5</sup> on December 17, 2019, outlining the 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 spring 2020. At that point, each of the 12 TCI states and the District of Columbia will decide whether to sign the final MOU and work to develop the final cap-and-invest program. The program could begin as early as 2022.

## **DRAFT MEMORANDUM OF UNDERSTANDING**

The December 17, 2019 draft MOU expresses the desire of the signatories to create as large of a regional market as possible to enable the most cost-effective carbon dioxide emissions reductions. The MOU further expresses:

- The jurisdictions' commitment to a regional program to transition to a more sustainable, resilient, lower carbon transportation system.
- That the Signatory Jurisdictions will establish, in the final 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 proceeds to each Participating Jurisdiction to invest at each jurisdiction's discretion to support the goals of the program. This would enable Signatory Jurisdictions to strategically invest revenues from the program to help their residents transition to affordable, low-carbon transportation options. This work is intended to provide substantial public health benefits, reduce congestion, and increase economic and job opportunities.
- 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.

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<sup>3</sup> <https://www.transportationandclimate.org/nine-states-and-dc-design-regional-approach-cap-greenhouse-gas-pollution-transportation>.

<sup>4</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>5</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)

- A commitment to jointly develop a Model Rule that will implement a regional carbon dioxide emissions cap, develop a process to auction emissions allowances, require regulated fuel suppliers to hold and report on allowances to cover emissions from regulated fuels, and provide flexibility to ensure market stability.
- That each Signatory Jurisdiction will follow its required legal processes to implement the program.

### **COG-MPO CONVENING**

COG staff are participating in an informal group from other Councils of Governments and Metropolitan Planning Organizations in the TCI states. The group has met on conference calls and at two in-person convenings, the most recent hosted by COG on January 16, 2020.

The purpose of the convenings is 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.