

COMMENTARY



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What You Need to Know About TCI

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On December 17 the Georgetown Law Center revealed its long-awaited Transportation and Climate Initiative (TCI) draft Memorandum Of Understanding (MOU). It will be open for on-line comments until February 28. At some point after that Gov. Scott will be asked to sign Vermont into TCI. Presumably the legislature would have to enact some provisions to make it enforceable on Vermont fuel dealers.

Here are twelve questions and answers that will explain what TCI is and expects to do.

Q: What is TCI? TCI is a multistate regional agreement to drive up the price of motor fuel (gasoline and on-road diesel). It proposes to start at five, nine or seventeen cents per gallon, and escalate upward from that, with no declared maximum.

Q: Why do the TCI backers want to drive up the price of motor fuel? Because they are convinced that “climate change poses a clear, present, and increasingly dangerous threat to the communities and economic security of each [participating state].” The MOU says that the participating states will “need to implement bold initiatives to mitigate the impacts of greenhouse gas emissions from the transportation sector,” which produce 40% of human-caused emissions.

Q: How will TCI drive down those emissions? By driving up the price of gasoline and diesel fuel so you will drive less, drive smaller cars, use electric vehicles, walk, ride bicycles, use public transportation, move closer to school and work, and so on.

Q: How does TCI drive up motor fuel prices? It creates what it calls a “cap and invest” system. TCI sets a cap, or limit, on carbon dioxide emissions from burning motor fuel. Every distributor of motor fuel – of which there are eighty in Vermont – will be required to purchase “allowances” to match the motor fuel sold in each reporting period.

Q: So motorists, including passenger cars, pickups, SUVs, vans, school buses, delivery trucks, contractor vehicles, milk tankers, ambulances, and motorcycles will end up paying for the allowances? Yes, of course they will.

Q: What does the state get for imposing these costs on motorists? TCI will distribute among the participating states some fraction of the revenue from its sale of “allowances”, according to an as yet undetermined formula. The states are supposed to use these revenues to further drive down gasoline and on-road diesel use, and “help their residents transition to affordable, low-carbon transportation options”. Paying people to buy electric cars, and building charging stations for them, is a recommended use of the funds. However, the states can use what they receive for anything their legislature desires.

Q: How many “allowances” will TCI issue? As many it sees fit. TCI will invent them out of thin air, and motor fuel distributors will be required to go into TCI’s auction market to buy enough of them with real money to match their motor fuel deliveries over a preceding reporting period. The cost of these “allowances” will be included in the price you pay at the pump.

Q: Won’t this plan hit hardest on working people and the poor, especially in Vermont’s rural areas? Of course. It’s regressive.

Q: How much will the preferred TCI scenario reduce carbon dioxide emissions from motor fuel? Drew Cline of New Hampshire’s Josiah Bartlett Center analyzed the TCI economic model. He found that the “reference case” used by the Georgetown Climate Center to project what would happen from 2022 to 2032 if states did not implement the TCI would likely be a 19% reduction in carbon dioxide emissions. If TCI is implemented, emissions are projected to fall by between 20% and 25% over that decade. So TCI will produce an additional emissions reduction of between 1 and 6 percentage points on top of a presumed reduction of 19 percent. In short, TCI would extract \$56 billion from motor fuel users to reduce carbon dioxide emissions by a little more than 5 percent over ten years.

Q: Will that reduction of emissions actually reduce “climate change”? Certainly not measurably. Probably not at all.

Q: Wait a minute. Isn’t this TCI “cap and invest” scheme just another carbon tax in a fancy package , designed to make it look like it’s not a carbon tax? Yes, of course.

Q: Gov. Phil Scott has steadfastly promised to veto a carbon tax. Won’t he reject the MOU, as New Hampshire Governor Chris Sununu has already done, and veto any legislation to force Vermont fuel dealers to buy those funny money TCI allowances that will drive up the price of gasoline and diesel fuel for all Vermonters? As of now he won’t say, so if you don’t want to see the TCI drive up your fuel prices year after year, it wouldn’t hurt to encourage him to strengthen his resolve.

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