

### ***What is TCI?***

TCI Stands for the **Transportation and Climate Initiative**. TCI is a collaboration of northeastern states that want to [reduce greenhouse gas emissions from the transportation sector](#). The proposed program would cap emissions of carbon dioxide from the combustion of the fossil component of finished motor gasoline and on-road diesel fuel in the region.

### ***How would this work?***

Obligated parties would be required to purchase allowances when they sell more than the cap allows.

### ***Who or what is an obligated party?***

The entity in the supply stream that is required to report emissions/gallons and purchase allowances. Regulated entities would include owners of fuel at terminals in a TCI jurisdiction (i.e., “position holders”), and owners of fuel delivered into the jurisdiction for final sale or consumption in the state from a facility in another jurisdiction. Owners and operators of fuel supply infrastructure (terminals, pipelines, distributors, etc.) may also have reporting or record keeping obligations.

### ***How much would allowances cost?***

Unknown. It would be determined by the cap level and the allowance auction. Early predictions are that these TCI allowances could add about 30-cents to a gallon of gasoline or diesel fuel. In many ways, this is just a complicated carbon tax for motor fuels in which users of gasoline and diesel fuel will pay more at the pump.

### ***What happens to the money?***

Up to each individual state. Environmental advocates would like the money would go to programs that encourage public transportation and electric cars.

### ***What else is required?***

An electronic emissions reporting system and, in order to guarantee the accuracy of reported data, third party verification along with monthly emissions reporting. The program would begin with an initial emissions cap set at a level that then declines every year at a rate chosen by TCI jurisdictions to support their emissions reduction goals.

### ***When and how?***

The program would begin as early as 2022 and reach a target emissions level in 2032. Each jurisdiction’s allowance budget would be a percentage of the regional emissions cap. Every state (including Vermont) has to make a determination about whether to participate. Some states may require legislation action, others can be done administratively. A final Memorandum of Understanding is expected in April. At this point, each jurisdiction will decide whether to sign the MOU and participate in the regional program.