

USA - Transportation and Climate Initiative Program (TCI-P)

General Information

Summary

Status: ETS under development

Jurisdictions: Connecticut, Massachusetts, Rhode Island, Washington D.C.

The Transportation and Climate Initiative (TCI) is a regional collaboration of northeastern and mid-Atlantic US jurisdictions pursuing a goal of reducing GHG emissions from the transportation sector and minimizing the transportation system's reliance on high-carbon fuels. In December 2018, a subset of the participating TCI jurisdictions announced the future design of a regional low-carbon transportation policy proposal, which aims to establish a carbon pricing mechanism in the form of a cap-and-invest program. The announcement of such a program is the result of several years of consultations and negotiations amongst TCI members.

Over the course of 2019, TCI jurisdictions engaged in expert and public stakeholder consultations, as well as technical, environmental, and economic analyses of the benefits and costs of a regional transportation carbon pricing mechanism. As a result of this design process, in October 2019 the jurisdictions released a draft framework outlining basic design features of the regional transportation sector cap-and-invest program. In December 2019, the jurisdictions released a draft memorandum of understanding (MOU) consistent with the design features from the draft framework and announced modeling results for different cap reduction factors.

The final MOU, along with an 'Elements of Program Design' document, was released in December 2020 and is largely based on the draft MOU. As of February 2021, Massachusetts, Connecticut, Rhode Island, and Washington D.C. have signed the final MOU and will participate in the established cap-and-invest program, the Transportation and Climate Initiative Program (TCI-P). The TCI-P will consist of individual programs adopted and implemented under the independent legal authority of each signatory jurisdiction. The program implementation schedule of the final MOU foresees that the first three-year compliance period will begin in January 2023, with emissions reporting beginning in 2022.

According to the MOU, the program will cap CO₂ emissions from the combustion of gasoline and on-road diesel fuel in the participating states. Compliance obligations fall upstream, to firms that supply the covered fuels within these states. The four signatory jurisdictions of the TCI-P MOU will start with a cap of 42.1 MtCO₂ in 2023 that would decline by 30% by 2032. The cap will be equal to the sum of the four TCI-P jurisdictions' CO₂ emissions budgets (Connecticut: 13.5 MtCO₂; Massachusetts: 24.5 MtCO₂; Rhode Island: 3.3 MtCO₂; Washington D.C.: 0.9 MtCO₂).

The program intends to auction nearly 100% of its allowances, with revenues being returned to TCI-P jurisdictions. Each state can invest the revenue as determined appropriate to achieve TCI program goals; however, at least 35% of revenues generated are to be invested in equitable, less-polluting, and more resilient transportation. Each signatory jurisdiction will establish a representative Equity Advisory Body, specifically designated to ensure that the program impacts are effective and just, and that both the policies and flow of investment are transparent.

The program will also implement a minimum reserve price and include a Cost Containment Reserve (CCR) with a trigger price of USD 12 in 2023 and an Emissions Containment Reserve

	<p>(ECR) with a trigger price of USD 6.50 in 2023. Banking of allowances will be allowed without restrictions and a limited use of offsets will be permitted.</p> <p>In addition, the MOU introduced three-year compliance periods and interim compliance obligations, as well as a program evaluation three years after program launch (and regularly thereafter). An administrative organization to provide administrative support and technical assistance will be established. Further program design features such as specifications on eligible offset projects and the price level for the minimum reserve price are yet to be decided upon.</p> <p>A draft Model Rule was released on 1 March and is based on the MOU. Its provisions are similar to the program features of RGGI. The draft Model Rule will now go through a public comment period until 1 April 2021.</p> <p>As next steps, the TCI-P jurisdictions will: provide for public review and input; develop a model rule; and conduct rulemaking processes over the course of 2021 to adopt regulations on the state level and start implementing the program by the 2022 reporting year.</p> <p>A joint statement released by 12 jurisdictions (Delaware, Maryland, New Jersey, New York, North Carolina, Pennsylvania, Vermont, Virginia, and the four MOU jurisdictions) reiterates their commitment to collaborating with one another on the further development of the program. Other states will also have the opportunity to join the TCI-P in the future.</p>												
Year in Review	No information available yet.												
Overall GHG emissions (excluding LULUCF)	<p>Emissions: 110 MtCO₂e (2017*)</p> <p>*GHG emissions reported here are based on energy related emissions data only and retrieved from the IEA. Energy-related CO₂ emissions refer to emissions released at the location where fossil fuels are consumed</p>												
Overall GHG emissions by sector (in MtCO ₂)	<table border="1"> <thead> <tr> <th>Sector Name</th> <th>MtCO₂e</th> </tr> </thead> <tbody> <tr> <td>Electric Power (19.3)</td> <td>19.3</td> </tr> <tr> <td>Transportation (50.9)</td> <td>50.9</td> </tr> <tr> <td>Industrial processes (5.5)</td> <td>5.5</td> </tr> <tr> <td>Residential (21.3)</td> <td>21.3</td> </tr> <tr> <td>Commercial (13.1)</td> <td>13.1</td> </tr> </tbody> </table>	Sector Name	MtCO ₂ e	Electric Power (19.3)	19.3	Transportation (50.9)	50.9	Industrial processes (5.5)	5.5	Residential (21.3)	21.3	Commercial (13.1)	13.1
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GHG reduction target	No information available yet.												
Carbon Price	<i>Current Allowance Price (per t/CO₂e):</i> No information available yet.												

ETS Size

Covered emissions	No information available yet.
GHGs covered	No information available yet.
Sectors and thresholds	No information available yet.
Point of regulation	No information available yet.
Number of entities	No information available yet.
Cap	No information available yet.

Phases & Allocation

Trading periods	No information available yet.
Allocation	No information available yet.

Flexibility

Banking and borrowing	No information available yet.
Offsets and credits	No information available yet.
Market Stability Provisions	No information available yet.

Compliance

Compliance Period	No information available yet.
Monitoring, Reporting, Verification (MRV)	No information available yet.
Enforcement	No information available yet.

Linking

Links with other systems	No information available yet.
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Other Information

Institutions involved	No information available yet.
Evaluation / ETS review	No information available yet.
Revenue	No information available yet.
Implementing Legislation	Final Memorandum of Understanding Elements of Program Design

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