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**Statement of the New England Convenience Store Owners and Energy Marketers Association
on the Transportation Climate Initiative's Memorandum of Understanding**

Today, the Georgetown Climate Center (GCC) released a final Memorandum of Understanding (MOU) for the Transportation Climate Initiative (TCI), a regional compact among eleven Northeast and Mid-Atlantic states to implement a fee on gasoline and diesel.

Over the last year, the New England Convenience Store & Energy Marketers Association (NECSEMA) communicated with TCI architects and expressed significant concerns with the program, including important design aspects, which were not addressed in the final MOU. For this reason, we are disappointed Massachusetts, Rhode Island, Connecticut and Washington, D.C. have already decided to sign the agreement. We encourage remaining jurisdictions to consider our criticism and distress before taking action to join TCI.

NECSEMA and its members understand the importance of reducing emissions from the transportation sector, but getting it right is more important than acting swiftly. This program's lack of detail for regulated businesses and allowance availability does not instill confidence, and, most importantly, risks upsetting an essential industry while affecting the public. This impact has the potential to go well beyond the cost to consumers by disrupting the free flow, availability and competitiveness of motor fuels.

NECSEMA represents the "Position Holders and State Fuel Suppliers" identified in the program as the point of regulation, as well as retailers responsible for collecting this new fee from motorists at the pump. Our insight and understanding of the complexity of our regional distribution system and markets which TCI seeks to impact is unequalled.

For over a year, NECSEMA provided extensive input to the regional authorities designing TCI, including the GCC itself. Rather than join the chorus lamenting the added cost TCI will bring to consumers at the pump, we offered constructive design criticisms of the program. The fact is, however, that the revenue raised by TCI will come from the residents and businesses of participating states, not the fuel companies where the fee is applied.

Our most fervent criticisms of TCI centers on the point of regulation – *Position Holders and State Fuel Suppliers* - and the lack of clarity for allowances. Rather than accept NECSEMA's advice to simplify reporting both for the program and the regulated companies themselves, the MOU remains committed to an over-complicated process. We are also uncertain and uneasy about the accessibility of allowances and what that may mean to the price of fuel and availability of supply. On multiple occasions, NECSEMA pointed out problems with this design and offered alternatives in an effort to be productive. It is imperative that industry participants and stakeholders have a key role in the shared vision of the future and of this program. But to this point, input has seemingly been disregarded.

Some states have been clear about their disinterest in joining TCI, while others run the gamut from advising caution to taking the position that this is not the time for a tax increase, with some referring to it as a regressive tax on those most unable to afford it. New England fuel supply is a highly evolved, complex, hyper-competitive network and marketplace. Without a commitment from the entire region, a great risk of adverse disruption exists.

There is one chance to get this right and the risks are too great to repeatedly ignore the sound advice of the regulated community which also happens to be the industry expert.

To speak with NECSEMA Director of Government Affairs Brian Moran, contact Dave Wedge at 617-799-0537.