

Thank you Chair Sheldon, Vice Chair Sibilila and members of the House Environment & Energy Committee for having me here today to testify about S5 the Affordable Heat Act.

My name is Dan Fingas and I am the Movement Politics Director for Rights and Democracy which we call RAD.

Speaking to people across Vermont, whether at an organizing meeting, around a kitchen table, or even in the halls of the State House, there is a theme that consistently emerges during the winter: heating is an expensive burden. And for people who are working for low wages, or single parenting, or renting a unit in a drafty old building, these costs can be the difference between balancing a budget and not being able to afford the month's bills, or making tradeoffs with other essentials like food.

The problem is only getting worse – in the past two years, we have seen the cost of fuel oil rise by almost \$2/gallon, and kerosene has risen similarly. Propane prices, which were already high, have also risen, more slowly, but steadily. Nearly 40 percent of Vermont households heat with oil or kerosene. While wealthier families may be able to absorb these costs to a certain point, low- and moderate-income households are already being hit hard. And not only are these fuels expensive, they are also dirty and produce high emissions. The heating sector is one of the biggest sources of climate pollution in our state.

As a member-led grassroots organization working to win changes that improve the lives of working Vermonters, RAD believes that Vermont must do its part to ensure a just transition to a clean energy future that mandates renewable energy and ends our reliance on dirty, volatile fossil fuels. And we must guarantee that everyone benefits - especially Vermonters who have been most impacted by past and current harms. No matter what we look like, where we live, or how much money we make, we all deserve to be able to keep the heat on and stay warm in the winter without worrying about how we will pay for it or how it is impacting our health.

By passing S.5, the Affordable Heat Act this year, we have the opportunity to make meaningful strides toward this vision. The Affordable Heat Act will require fossil fuel importers to invest in and offer clean, affordable, and price-stable heating options for all Vermonters, with a focus on weatherization and other solutions that reduce energy use. A strong Affordable Heat Act offers a path toward a cleaner, greener future for us all, while ensuring that all low- and moderate-income households - including renters - can benefit from this transition.

Unlike a similar bill that failed last year, which RAD did not support, S.5 contains specific targets to center equity and affordability; accounts more fully for lifecycle emissions of a given heat source and requires these to decrease over time, which will phase out biofuels; and incentivizes energy use mitigation.

I want to highlight what RAD sees as some of the key improvements in S5 and follow that with some suggested changes. RAD has been in discussion with the Environmental Justice Network, a Network led by BIPOC leaders from across Vermont, and based on their feedback, we developed some suggestions to further strengthen the bill and ensure that nobody is left behind.

First I want to talk about some parts of the bill we see as highlights that we need to ensure stay in the bill.

When it comes to the carbon intensity score and lifecycle accounting portions of the bill. We support the following benefits of the bill:

- a transition that is based on declining carbon intensity in a clear and measurable manner moving to a carbon intensity score of 20 or below by 2050. This is key to creating a true transition needed by Vermonters and our climate.
- an improved accounting system of Lifecycle emissions that is fit to Vermont specifically and how it:

- expressly looks at the full fuel pathway from “cradle to grave” that focuses on all parts of the fuel lifecycle from feedstocks to emissions.
- accounts for fugitive emissions,
- creates baseline emissions for methane that is based on methane capture regulations.
- and requires a Review of Consequences by the PUC to ensure that the standard is working as designed.
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This review needs to examine the sources of our fuels and ensure that exploitative land use, especially on the tribal lands, aren't being accepted as “clean heat”

Another huge part to RAD’s support of S5 this year is its focus on equity and affordability. Specifically language in the bill that says:

- The Clean Heat Standard shall be designed and implemented to enhance social equity by prioritizing customers with low income, moderate income, those households with the highest energy burdens, and renter households with tenant-paid energy bills. The design shall ensure all customers have an equitable opportunity to participate in, and benefit from, clean heat measures regardless of heating fuel used, income level, geographic location, residential building type, or homeownership status.
- 16 percent from customers with low income and 16 percent from customers with moderate income. For each of these groups, at least one-half of these credits shall be from installed clean heat measures
- The default delivery agent shall create specific programs for multi unit dwellings, condo associations, renters, and for manufactured homes so these groups have an equal opportunity to benefit from the Clean Heat Standard

We find this language for low income Vermonters and renters who pay energy bills to be crucial to ensure an equitable program., but we also know there are ways to make it even more equitable and ensure that affordability for low income Vermont households is the real outcome of this bill.

This includes our recommendation to raise the mitigation requirement for low and moderate income to 75% of retired credits to ensure that the cost savings are seen for as many Vermonters as possible.

We also need to protect the most needy Vermont households and by creating a just transition and that means we are ensuring that zero dollar out of pocket options are available to all low income Vermonters and that they are prioritized first to get that mitigation work done quickly to see the cost benefits of the work.

This needs to include a strong focus on renters. We believe that programs like WRAP and other tariffed on bill financing measures are effective ways to meet this need if all renters are included. With these elements we echo the testimony heard in the senate by Maura Collins from the Vermont Housing Finance Agency and others. To this end we are asking for the removal of “consider” from subpoint 3 of the “equitable distribution of clean heat measures so it reads: “The Commission shall frontload the credit requirements for customers with low income and moderate income so that the greatest proportion of clean heat measures reach Vermonters with low income and moderate income in the earlier years.”

We are also appreciative of the language calling for renters and with socioeconomically, racially, and geographically diverse backgrounds, we feel that more specificity in who is on the Equity Advisory Group would make that group stronger including:

- Adding explicit representation of low income vermonters in Clean Heat Advisory group
- Representation from someone currently utilizing an energy assistance program including but not limited to LIHEAP, Fuel Assistance, Financial/Energy coaching services, Efficiency VT low income focused programs.

This could be done by giving a specific seat to these individuals or requiring Community Action Agencies and Efficiency Vermont to select individuals in these programs as their representatives.

- Add representation for indigenous/enrolled tribal member representatives

We also must say that this bill alone won't be enough to address the inequities in our energy sector and urge that this committee and the full legislature work to pass legislation that clarifies rental owner's obligations to take advantage of clean heat measures so that their tenants can access the benefits of this bill and prioritize the passage of bills that achieve these measure, to ensure renters aren't left behind.

We also ask that you work to pass the Rental Registry bill currently under consideration by the legislature, a Renewable Energy Standard reform bill so that as we transition away from burning fuels to the electric sector it is as renewable and sustainable as possible, and continue to work on bills and program that focus on rental weatherization.

Thank you again for your time and I am available for any questions you may have.

Policy Suggestions

Increase Affordability and Accessibility

- Adding language to the bill that authorizes and appropriates funding for tarriffed on bill financing programs to support low income Vermonters who cannot afford upfront costs of weatherization "clean heat measure"
- Increasing annual requirement percentage allocations for mitigation for low and moderate income customers that must be retired to 75%
- Self-attestation of income to remove barrier of proof/documentation of low-income or automatic determination based on receipt of means-tested public benefit programs (ex: 3Squares VT, Medicaid, LIHEAP)
- Removal of "consider" from subpoint 3 of the "equitable distribution of clean heat measures so it reads: "The Commission shall frontload the credit requirements for customers with low income and moderate income

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Equity Advisory Group

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- Add representation for indigenous/enrolled tribal member representatives

Protecting Indigenous Lands

- We would like any biofuels or “clean heat” technologies that source materials extracted from tribal lands to be excluded from receiving a “clean heat” designation and/or fines to be imposed on delivery agents that source fuels/products containing materials extracted from tribal lands.