

H.520

An act relating to reducing energy costs and greenhouse gas emissions

It is hereby enacted by the General Assembly of the State of Vermont:

\* \* \* Findings \* \* \*

Sec. 1. FINDINGS

The General Assembly finds that:

(1) Vermont has begun to experience the damaging effects of climate change, with significant costs from recent storms and future damage likely to be severe as climate change accelerates.

(A) Average annual precipitation in Vermont since 1960 has increased by 15–20 percent. Heavy downpours have increased in frequency and intensity in the northeastern United States, with a 67 percent increase in the amount falling during the heaviest precipitation events, defined as the heaviest one percent of daily precipitation events.

(B) In 2011 alone, Vermont saw significant weather extremes, including, in March, the largest ever recorded one-day snow event; the most precipitation on record for the month of April; disastrous lake flooding in April and May; also in May, severe flash flooding in Franklin and Windham counties and in central Vermont and the Northeast Kingdom; and in August, the disaster of Tropical Storm Irene;

(2) The primary driver of climate change in Vermont and elsewhere is the increase of atmospheric carbon dioxide (CO<sub>2</sub>) from the burning of fossil fuels. The warming caused by carbon dioxide is amplified multiple times because atmospheric water vapor, another greenhouse gas, increases as temperature increases.

(3) The primary sources of Vermont's greenhouse gas emissions are the consumption of fossil fuels for transportation fuels and for heating buildings and water (thermal energy). In 2010, CO<sub>2</sub> and equivalent emissions from Vermont energy consumption totaled approximately eight million metric tons (MMT CO<sub>2</sub>). Of this total, transportation fuel use accounted for approximately 3.5 and nonelectric fuel use by homes and businesses for approximately 2.5.

(4) Another result of high fossil fuel consumption is that the average Vermonter and the Vermont economy are facing a fuel affordability challenge of historic proportions. In 2010, Vermonters paid over \$600 million to import fossil fuels for use in their homes, businesses, and other buildings, almost \$300 million more than Vermont paid in 2000.

(5) In January 2013, the Department of Public Service submitted the report of its Thermal Energy Task Force (the Task Force). Among other things, the Task Force found that: "Investing in thermal efficiency improvements . . . can dramatically reduce heating energy use in a building. At current fuel prices, thermal efficiency improvements can bring savings of

approximately \$1,000.00 per year over the lifetime of the investment. . . . As each year passes and investments are not made, cost burdens must be borne by individual Vermonters, businesses and property owners – collectively burdening the Vermont economy as a whole.”

(6) This burden is felt most by Vermonters of limited means or on fixed incomes, such as persons who may be elderly or have disabilities. These Vermonters face the dilemma of being unable to pay for heat as fuel prices rise and federal fuel assistance is reduced. Since 2009, the percentage of an average recipient household’s heating costs paid by Vermont’s fuel assistance program has dropped precipitously, primarily because of cuts to the federal Low Income Home Energy Assistance Program (LIHEAP) totaling approximately 40 percent. Benefits have been cut almost in half from a seasonal high of over \$1,700.00 to \$900.00, and the percentage paid of the average recipient household’s bill has dropped from 86 percent to 32 percent. While the State of Vermont has attempted to soften the blow to date, the State’s ability to continue to provide fuel assistance funding is limited, and additional LIHEAP cuts may result from the so-called federal “sequester.”

(7) Many Vermonters who receive financial assistance from the state and federal governments to meet their heating needs live in poorly insulated buildings. The level of expenditure necessary to heat these homes could be significantly decreased if appropriate and cost-effective thermal energy

efficiency measures applied. Reducing fuel consumption through weatherization services would decrease the need for supplemental assistance in individual units and allow limited funds to cover a greater number of needy residents. Conversely, as the Task Force found: “Delaying weatherization for this population places more pressure on other public resources such as the Low-Income Heating Assistance Program (LIHEAP).”

(8) The Task Force found that substantial public investment would be necessary to meet the State’s statutory goals for improving the energy fitness of its homes and buildings. At this investment level, the Task Force found that, over the life of the energy efficiency measures, over \$1.4 billion would be saved, approximately 800 job-years would be created, and 6.8 million tons of CO2 would be kept from entering the atmosphere.

(9) Vermont must act to reduce its greenhouse gas emissions and consumption of fossil fuels. Significant financial support for programs to encourage the efficient use of energy to heat buildings and water in the State will reduce its carbon footprint, save Vermonters millions of dollars in fuel costs, and alleviate the suffering of low-income Vermonters.

\* \* \* Thermal Efficiency; Appointment of Entity;

Program Criteria \* \* \*

Sec. 2. 30 V.S.A. § 209 is amended to read:

§ 209. JURISDICTION; GENERAL SCOPE

\* \* \*

(d) Energy efficiency.

(1) Programs and measures. The ~~public service department~~ Department of Public Service, any entity appointed by the ~~board~~ Board under subdivision (2) of this subsection, all gas and electric utility companies, and the ~~board~~ Board upon its own motion, are encouraged to propose, develop, solicit, and monitor energy efficiency and conservation programs and measures, including appropriate combined heat and power systems that result in the conservation and efficient use of energy and meet the applicable ~~agency of natural resources~~<sup>2</sup> air quality standards of the Agency of Natural Resources. Such programs and measures, and their implementation, may be approved by the ~~board~~ Board if it determines they will be beneficial to the ratepayers of the companies after such notice and hearings as the ~~board~~ Board may require by order or by rule. The ~~public service department~~ Department of Public Service shall investigate the feasibility of enhancing and expanding the efficiency programs of gas utilities and shall make any appropriate proposals to the ~~board~~ Board.

(2) Appointment of independent efficiency entities.

(A) Electricity and natural gas. In place of utility-specific programs developed pursuant to this section and section 218c of this title, the ~~board~~ Board shall, after notice and opportunity for hearing, provide for the

development, implementation, and monitoring of gas and electric energy efficiency and conservation programs and measures, including programs and measures delivered in multiple service territories, by one or more entities appointed by the ~~board~~ Board for these purposes. The ~~board~~ Board may include appropriate combined heat and power systems that result in the conservation and efficient use of energy and meet the applicable ~~agency of natural resources'~~ agency of natural resources' air quality standards of the Agency of Natural Resources. Except with regard to a transmission company, the ~~board~~ Board may specify that the appointment of an energy efficiency utility to deliver services within an electric utility's service territory satisfies that electric utility's corresponding obligations, in whole or in part, under section 218c of this title and under any prior orders of the ~~board~~ Board.

(B) Thermal energy and process-fuel customers. The Board shall provide for the coordinated development, implementation, and monitoring of cost-effective efficiency and conservation programs to thermal energy and process-fuel customers on a whole buildings basis by one or more entities appointed by the Board for this purpose.

(i) In this section, "thermal energy" means the use of fuels to control the temperature of space within buildings and to heat water.

(ii) Periodically on a schedule directed by the Board, the appointed entity or entities shall propose to the Board a plan to implement this

subdivision (d)(2)(B). The proposed plan shall comply with subsections (e)–(g) of this section and shall be subject to the Board’s approval. The Board shall not conduct the review of the proposed plan as a contested case under 3 V.S.A. chapter 25 but shall provide notice and an opportunity for written and oral comments to the public and affected parties and state agencies.

(3) Energy efficiency charge; regulated fuels. In addition to its existing authority, the ~~board~~ Board may establish by order or rule a volumetric charge to customers for the support of energy efficiency programs that meet the requirements of section 218c of this title. The charge shall be known as the energy efficiency charge, shall be shown separately on each customer’s bill, and shall be paid to a fund administrator appointed by the ~~board~~ Board and deposited into an ~~electric efficiency fund~~ Electric Efficiency Fund. When such a charge is shown, notice as to how to obtain information about energy efficiency programs approved under this section shall be provided in a manner directed by the ~~board~~ Board. This notice shall include, at a minimum, a ~~toll~~ toll-free toll-free telephone number, and to the extent feasible shall be on the customer’s bill and near the energy efficiency charge.

(A) Balances in the ~~electric efficiency fund~~ Electric Efficiency Fund shall be ratepayer funds, shall be used to support the activities authorized in this subdivision, and shall be carried forward and remain in the ~~fund~~ Fund at the end of each fiscal year. These monies shall not be available to meet the

general obligations of the ~~state~~ State. Interest earned shall remain in the ~~fund~~ Fund. The ~~board~~ Board will annually provide the ~~legislature~~ General Assembly with a report detailing the revenues collected and the expenditures made for energy efficiency programs under this section.

(4)(B) The charge established by the ~~board~~ Board pursuant to this subdivision (3) ~~of this subsection~~ shall be in an amount determined by the ~~board~~ Board by rule or order that is consistent with the principles of least cost integrated planning as defined in section 218c of this title. As circumstances and programs evolve, the amount of the charge shall be reviewed for unrealized energy efficiency potential and shall be adjusted as necessary in order to realize all reasonably available, cost-effective energy efficiency savings. In setting the amount of the charge and its allocation, the ~~board~~ Board shall determine an appropriate balance among the following objectives; provided, however, that particular emphasis shall be accorded to the first four of these objectives: reducing the size of future power purchases; reducing the generation of greenhouse gases; limiting the need to upgrade the ~~state's~~ State's transmission and distribution infrastructure; minimizing the costs of electricity; providing efficiency and conservation as a part of a comprehensive resource supply strategy; providing the opportunity for all Vermonters to participate in efficiency and conservation programs; and the value of targeting efficiency and conservation efforts to locations, markets, or customers where they may



provide the greatest value. ~~No later than December 31, 2009, the board~~ The Board, by rule or order, shall establish a process by which a customer who pays an average annual energy efficiency charge under subdivision (3) ~~of this subsection~~ of at least \$5,000.00 may apply to the ~~board~~ Board to self-administer energy efficiency through the use of an energy savings account which shall contain a percentage of the customer's energy efficiency charge payments as determined by the ~~board~~ Board. The remaining portion of the charge shall be used for systemwide energy benefits. The ~~board~~ Board in its rules or order shall establish criteria for approval of these applications.

~~(5)(4)~~ Contract or order of appointment. Appointment of an entity under subdivision (2) of this subsection may be by contract or by an order of appointment. An appointment, whether by order of appointment or by contract, may only be issued after notice and opportunity for hearing. An order of appointment shall be for a limited duration not to exceed 12 years, although an entity may be reappointed by order or contract. An order of appointment may include any conditions and requirements that the ~~board~~ Board deems appropriate to promote the public good. For good cause, after notice and opportunity for hearing, the ~~board~~ Board may amend or revoke an order of appointment.

~~(6)(5)~~ Appointed entity; supervision. Any entity appointed by order of appointment under subdivisions (2) and ~~(5)(4)~~ of this subsection that is not an

electric or gas utility already regulated under this title shall not be considered to be a company as defined under section 201 of this title, but shall be subject to the provisions of sections 18–21, 30–32, 205–208, subsection 209(a), sections 219, 221, and subsection 231(b) of this title, to the same extent as a company as defined under section 201 of this title. The ~~board~~ Board and the ~~department of public service~~ Department of Public Service shall have jurisdiction under those sections over the entity, its directors, receivers, trustees, lessees, or other persons or companies owning or operating the entity and of all plants, equipment, and property of that entity used in or about the business carried on by it in this ~~state~~ State as covered and included in this section. This jurisdiction shall be exercised by the ~~board~~ Board and the ~~department~~ Department so far as may be necessary to enable them to perform the duties and exercise the powers conferred upon them by law. The ~~board~~ Board and the ~~department~~ Department each may, when they deem the public good requires, examine the plants, equipment, and property of any entity appointed by order of appointment under subdivisions (2) and ~~(5)~~(4) of this subsection.

(e) Thermal energy and process fuel efficiency funding.

(1) Each of the following shall be used to deliver thermal energy and process fuel energy efficiency services in accordance with this section for unregulated fuels to Vermont consumers of such fuels.

~~(7)(A)~~ Net revenues above costs associated with payments from the New England Independent System Operator (ISO-NE) for capacity savings resulting from the activities of the energy efficiency utility designated under subdivision (2)(A) of this subsection that are not transferred to the state PACE reserve fund under 24 V.S.A. § 3270(c). These revenues shall be deposited into the ~~electric efficiency fund~~ Electric Efficiency Fund established by this section. ~~Any such net revenues shall be used by the entity appointed under subdivision (2) of this subsection to deliver heating and process fuel energy efficiency services to Vermont consumers of such fuel on a whole buildings basis to help meet the state's building efficiency goals established by 10 V.S.A. § 581.~~ In delivering such services with respect to heating systems using the revenues subject to this subdivision (A), the entity shall give priority to incentives for the installation of high efficiency biomass heating systems and shall have a goal of offering an incentive that is equal to 25 percent of the installed cost of such a system. ~~For the purpose of~~ In this subdivision ~~(7)(A)~~, “biomass” means organic nonfossil material constituting a source of renewable energy within the meaning of subdivision 8002(17) of this title. Provision of an incentive under this subdivision ~~(7)(A)~~ for a ~~woody~~ biomass heating system shall not be contingent on the making of other energy efficiency improvements at the property on which the system will be installed.

~~(8)(B) Effective January 1, 2010, such net~~ Net revenues above costs from the sale of carbon credits under the cap and trade program ~~as provided for in established under~~ section 255 of this title, which shall be deposited into the ~~electric efficiency fund~~ Electric Efficiency Fund established by this section. ~~Such revenues shall be used by the entity appointed under subdivision (2) of this subsection to support delivery of the services described in subdivision (7) of this subsection.~~

(C) Any other monies that are appropriated to or deposited in the Electric Efficiency Fund for the delivery of thermal energy and process fuel energy efficiency services.

(2) If a program combines regulated fuel efficiency services with unregulated fuel efficiency services supported by funds under this section, the Board shall allocate the costs of the program among the funding sources for the regulated and unregulated fuel sectors in proportion to the benefits provided to each sector.

(3) In this subsection:

(A) "Efficiency services" includes the establishment of a statewide information clearinghouse under subsection (g) of this section.

(B) "Regulated fuels" means electricity and natural gas delivered by a regulated utility.

(C) “Unregulated fuels” means fuels used by thermal energy and process fuel customers other than electricity and natural gas delivered by a regulated utility.

~~(e) The board~~ (f) Goals and criteria; all energy efficiency programs. With respect to all energy efficiency programs approved under this section, the Board shall:

(1) Ensure that all retail consumers, regardless of retail electricity, gas, or heating or process fuel provider, will have an opportunity to participate in and benefit from a comprehensive set of cost-effective energy efficiency programs and initiatives designed to overcome barriers to participation;

(2) Require that continued or improved efficiencies be made in the production, delivery, and use of energy efficiency services, including the use of compensation mechanisms for any energy efficiency entity appointed under subdivision (d)(2) of this section that are based upon verified savings in energy usage and demand, and other performance targets specified by the ~~board~~ Board. The linkage between compensation and verified savings in energy usage and demand (and other performance targets) shall be reviewed and adjusted not less than triennially by the ~~board~~ Board;

(3) Build on the energy efficiency expertise and capabilities that have developed or may develop in the ~~state~~ State;

(4) Promote program initiatives and market strategies that address the needs of persons or businesses facing the most significant barriers to participation-, including those who do not own their place of residence;

(5) Promote and ensure coordinated program delivery, including coordination with low income weatherization programs, entities that fund and support affordable housing, regional and local efficiency entities within the State, other efficiency programs, and utility programs-;

(6) Consider innovative approaches to delivering energy efficiency, including strategies to encourage third party financing and customer contributions to the cost of efficiency measures-;

(7) Provide a reasonably stable multiyear budget and planning cycle in order to promote program improvement, program stability, enhanced access to capital and personnel, improved integration of program designs with the budgets of regulated companies providing energy services, and maturation of programs and delivery resources-;

(8) Approve programs, measures, and delivery mechanisms that reasonably reflect current and projected market conditions, technological options, and environmental benefits-;

(9) Provide for delivery of these programs as rapidly as possible, taking into consideration the need for these services, and cost-effective delivery mechanisms-;

(10) Provide for the independent evaluation of programs delivered under subsection (d) of this section;

(11) Require that any entity appointed by the ~~board~~ Board under subsection (d) of this section deliver ~~board-approved~~ Board-approved programs in an effective, efficient, timely, and competent manner and meet standards that are consistent with those in section 218c of this title, the ~~board's~~ Board's orders in ~~public service board~~ Public Service Board docket 5270, and any relevant ~~board~~ Board orders in subsequent energy efficiency proceedings;

(12) Require verification, on or before January 1, 2003, and every three years thereafter, by an independent auditor of the reported energy and capacity savings and cost-effectiveness of programs delivered by any entity appointed by the ~~board~~ Board to deliver energy efficiency programs under subdivision (d)(2) of this section;

(13) Ensure that any energy efficiency program approved by the ~~board~~ Board shall be reasonable and cost-effective;

(14) Consider the impact on retail electric rates and bills of programs delivered under subsection (d) of this section and the impact on fuel prices and bills;

(15) Ensure that the energy efficiency programs implemented under this section are designed to make continuous and proportional progress toward attaining the overall ~~state~~ State building efficiency goals established by

10 V.S.A. § 581, by promoting all forms of energy end-use efficiency and comprehensive sustainable building design. ~~The funds made available under subdivision (d)(7) of this section may be used by an efficiency entity appointed under subdivision (2) of this section to deliver fossil fuel energy efficiency services to Vermont heating and process fuel consumers on a whole building basis.~~

(g) Thermal energy and process fuel efficiency programs; additional criteria. With respect to energy efficiency programs delivered under this section to thermal energy and process fuel customers, the Board shall:

(1) ensure that programs are delivered on a whole-buildings basis to help meet the State's building efficiency goals established by 10 V.S.A. § 581 and to reduce greenhouse gas emissions from thermal energy and process fuel use in Vermont;

(2) require the establishment of a statewide information clearinghouse to enable effective access for customers to and effective coordination across programs. The clearinghouse shall serve as a portal for customers to access thermal energy and process fuel efficiency services and for coordination among state, regional, and local entities involved in the planning or delivery of such services, making referrals as appropriate;



(3) in consultation with the Agency of Natural Resources, establish annual interim goals starting in 2014 to meet the 2017 and 2020 goals for improving the energy fitness of housing stock stated in 10 V.S.A. § 581(1);

(4) ensure the monitoring of the State's progress in meeting the goals of 10 V.S.A. § 581(1). This monitoring shall be performed on a periodic basis that is not less than annual;

\* \* \*

~~(h)~~(j) Self-managed energy efficiency programs.

(1) There shall be a class of self-managed energy efficiency programs for transmission and industrial electric ratepayers only.

(2) The board, by order, shall enact this class of programs.

(3) Entities approved to participate in the self-managed energy efficiency program class shall be exempt from all statewide charges under subdivision (d)(3) of this section that support energy efficiency programs performed by or on behalf of Vermont electric utilities. If an electric ratepayer approved to participate in this program class also is a customer of a natural gas utility, the ratepayer shall be exempt from all charges under subdivision (d)(3) of this section or contained within the rates charged by the natural gas utility to the ratepayer that support energy efficiency programs performed by or on behalf of that utility, provided that the ratepayer complies with this subsection.

(4) All of the following shall apply to a class of programs under this subsection:

(A) A member of the transmission or industrial electric rate classes shall be eligible to apply to participate in the self-managed energy efficiency program class if the charges to the applicant under subdivision (d)(3) of this section were a minimum of \$1.5 million during calendar year 2008.

(B) A cost-based fee to be determined by the board shall be charged to the applicant to cover the administrative costs, including savings verification, incurred by the board and department. The board shall determine procedures for savings verification. Such procedures shall be consistent with savings verification procedures established for entities appointed under subdivision (d)(2) of this section.

(C) An applicant shall demonstrate to the board that it has a comprehensive energy management program with annual objectives. Achievement of certification of ISO standard 14001 shall be eligible to satisfy the requirements of having a comprehensive program.

(D) An applicant shall commit to an annual average energy efficiency investment during each three-year period that the applicant participates in the program of no less than \$1 million. To achieve the exemption from energy efficiency charges related to natural gas under subdivision (3) of this

subsection (j), the applicant shall make an additional annual energy efficiency investment in an amount not less than \$55,000.00.

(E) Participation in the self-managed program includes efficiency programs and measures applicable to electric and other forms of energy. A participant may balance efficiency investments across all types of energy or fuels without limitations.

\* \* \*

(I) On a determination that, for a given three-year period, a participant in the self-managed efficiency program class did not meet or has not met the commitment required by subdivision (4)(D) of this subsection, the ~~board~~ Board shall terminate the participant's eligibility for the self-managed program class ~~and the~~.

(i) On such termination, the former participant will be subject fully to the then existing charges ~~under subdivision (d)(3) of this section~~ applicable to its rate class without exemption under subdivision (3) of this subsection, and within 90 days of such termination shall pay ~~to the electric efficiency fund described in subdivision (d)(3) of this section;~~

(I) the difference between the investment it made ~~while in~~ pursuant to the self-managed energy efficiency program during the three-year period of noncompliance and the full amount of the charges and rates related to energy efficiency it would have incurred ~~under subdivision (d)(3) of this~~

~~section had the entity not been part of that program during that period absent exemption under subdivision (3) of this subsection; and~~

(II) the difference between the investment it made pursuant to the program within the current three-year period, if different from the period of noncompliance, and the full amount of the charges and rates related to energy efficiency it would have incurred during the current period absent exemption under subdivision (3) of this subsection.

(ii) Payments under subdivision (4)(i) of this subsection (j) shall be made to the entities to which the full amount of charges and rates would have been paid absent exemption under subdivision (3) of this subsection.

(iii) ~~An entity~~ A former participant may not reapply for membership in the self-managed program after ~~such~~ termination under this subdivision (4)(I).

\* \* \*

(N) If, at the end of every third year after an applicant's approval to participate in the self-managed efficiency program (the three-year period), the applicant has not met the commitment required by subdivision (4)(D) of this subsection, the applicant shall pay ~~to the electric efficiency fund described in subdivision (d)(3) of this section~~ the difference between the investment the applicant made while in the self-managed energy efficiency program and the full amount of charges and rates that the applicant would have incurred ~~under~~

~~subdivision (d)(3) of this section during the three-year period had the applicant not been a participant in the program~~ absent the exemption under subdivision (3) of this subsection. This payment shall be made no later than 90 days after the end of the three-year period to the entities to which the full amount of those charges and rates would have been paid absent the exemption.

Sec. 3. APPOINTED ENTITIES; INITIAL PLAN; STATUTORY

REVISION

(a) The entities appointed by the Public Service Board (the Board) to deliver energy efficiency services under 30 V.S.A. § 209(d)(2) as of January 1, 2013 shall be deemed entities appointed under 30 V.S.A. § 209(d)(2)(B) as amended by Sec. 2 of this act, provided that their delivery of energy efficiency services pursuant to subdivision 209(d)(2)(B) complies with the provisions of this act.

(1) This appointment shall be subject to the supervisory authority of the Board under 30 V.S.A. § 209(d).

(2) This subsection (a) does not confer any right to an appointed entity:

(A) to be selected to deliver energy efficiency services under 30 V.S.A. § 209(e)(1) as amended by Sec. 2 of this act; or

(B) to continue to be appointed under 30 V.S.A. § 209(d)(2)(B) beyond the period of any existing contract or order of appointment.

(b) On or before September 1, 2013, the entities appointed under 30 V.S.A. § 209(d)(2)(B) as amended by Sec. 2 of this act shall propose an initial annual plan under that subdivision 209(d)(2)(B). The initial plan may be proposed as a revision to an existing plan previously approved by the Board. On or before December 15, 2013, the Board shall complete its review and issue its decision on this initial annual plan. This initial plan and the review of this plan shall include consideration of the recommendations of the Thermal Efficiency Task Force: A Report to the General Assembly; Meeting the Thermal Efficiency Goals for Vermont Buildings (January 2013).

(c) On or December 15, 2013, the Board shall establish the interim goals and periodic monitoring required by Sec. 2 of this act, 30 V.S.A. § 209(g)(3) and (4).

(d) During statutory revision, the Office of Legislative Council shall make the following technical corrections to 30 V.S.A. § 209 resulting from Sec. 2 of this act:

(1) Reletter 30 V.S.A. § 209(f) and (g) to be 30 V.S.A. § 209(h) and (i).

(2) With respect to 30 V.S.A. § 209(a)–(c) and (h) and (i), insert an internal caption in each subsection that reflects its subject matter.

Sec. 4. 30 V.S.A. § 255 is amended to read:

§ 255. REGIONAL COORDINATION TO REDUCE GREENHOUSE  
GASES

\* \* \*

(c) Allocation of tradable carbon credits.

(1) The ~~secretary of natural resources~~ Secretary of Natural Resources, by rule, shall establish a set of annual carbon budgets for emissions associated with the electric power sector in Vermont that are consistent with the 2005 RGGI MOU, including any amendments to that MOU and any reduced carbon cap resulting from a subsequent program review by RGGI, and that are on a reciprocal basis with the other states participating in the RGGI process.

\* \* \*

(d) Appointment of consumer trustees. The ~~public service board~~ Public Service Board, by rule, order, or competitive solicitation, may appoint one or more consumer trustees to receive, hold, bank, and sell tradable carbon credits created under this program. Trustees may include Vermont electric distribution utilities, the fiscal agent collecting and disbursing funds to support the statewide efficiency utility, or a financial institution or other entity with the expertise and financial resources to manage a portfolio of carbon credits for the long-term benefit of Vermont energy consumers. ~~Fifty percent of the net proceeds above costs from the sale of carbon credits shall be deposited into the~~

~~fuel efficiency fund established under section 203a of this title. These funds shall be used to provide expanded fossil fuel energy efficiency services to residential consumers who have incomes up to and including 80 percent of the median income in the state. The remaining 50 percent of the~~ The net proceeds above costs from the sale of carbon credits shall be deposited into the electric efficiency fund Electric Efficiency Fund established under subdivision 209(d)(3) of this title. These funds shall be used by the entity or entities appointed under subdivision 209(d)(2)(B) of this title to help meet the building efficiency goals established under 10 V.S.A. § 581 by delivering heating and process-fuel energy efficiency services to Vermont consumers who use such fuel ~~and are businesses or are residential consumers whose incomes exceed 80 percent of the median income in the state.~~

\* \* \*

\* \* \* Building Energy Standards \* \* \*

Sec. 5. 20 V.S.A. § 2731(l) is added to read:

(l) Provision of a certificate as required by 21 V.S.A. § 266 (residential building energy standards) or 268 (commercial building energy standards) shall be a condition precedent to the issuance of a certificate of use or occupancy for a public building under the rules adopted pursuant to this section.



Sec. 6. 21 V.S.A. § 266 is amended to read:

§ 266. RESIDENTIAL BUILDING ENERGY STANDARDS

(a) Definitions. ~~For purposes of~~ In this subchapter, the following definitions apply:

\* \* \*

(2) “Residential buildings” means one family dwellings, two family dwellings, and multi-family housing three stories or less in height.

(A) With respect to a structure that is three stories or less in height and is a mixed-use building that shares residential and commercial users, the term “residential building” shall include the living spaces in the structure and the nonliving spaces in the structure that serve only the residential users such as common hallways, laundry facilities, residential management offices, community rooms, storage rooms, and foyers.

(B) “Residential buildings” shall not include hunting camps.

\* \* \*

~~(d) Role of RBES in Act 250. Substantial and reliable evidence of compliance with RBES established and updated as required under this section shall serve as a presumption of compliance with 10 V.S.A. § 6086(a)(9)(F), except no presumption shall be created insofar as compliance with subdivision (a)(9)(F) involves the role of electric resistance space heating. In attempting to rebut a presumption of compliance created under this subsection, a challenge~~

~~may only focus on the question of whether or not there will be compliance with the RBES established and updated as required under this subsection. A presumption under this subsection may not be overcome by evidence that the RBES adopted and updated as required under this section fail to comply with 10 V.S.A. § 6086(a)(9)(F). [Repealed.]~~

(e) Certification.

(1) Issuance; recording. A certification may be issued by a builder, a licensed professional engineer, a licensed architect or an accredited home energy rating organization. If certification is not issued by a licensed professional engineer, a licensed architect or an accredited home energy rating organization, it shall be issued by the builder. Any certification shall certify that residential construction meets the RBES. ~~The department of public service~~ Department of Public Service will develop and make available to the public a certificate that lists key features of the RBES. Any person certifying shall use this certificate or one substantially like it to certify compliance with RBES. Certification shall be issued by completing and signing a certificate and permanently affixing it to the outside of the heating or cooling equipment, to the electrical service panel located inside the building, or in a visible location in the vicinity of one of these three areas. The certificate shall certify that the residential building has been constructed in compliance with the requirements of the RBES. The person certifying under this subsection shall

provide a copy of each certificate to the ~~department of public service~~  
Department of Public Service and shall assure that a certificate is recorded and indexed in the town land records. A builder may contract with a licensed professional engineer, a licensed architect or an accredited home energy rating organization to issue certification and to indemnify the builder from any liability to the owner of the residential construction caused by noncompliance with the RBES.

(2) Condition precedent. Provision of a certificate as required by subdivision (1) of this subsection shall be a condition precedent to:

(A) issuance by the Commissioner of Public Safety or a municipal official acting under 20 V.S.A. § 2736 of any final occupancy permit required by the rules of the Commissioner of Public Safety for use or occupancy of residential construction commencing on or after July 1, 2013 that is also a public building as defined in 20 V.S.A. § 2730(a); and

(B) issuance by a municipality of a certificate of occupancy for residential construction commencing on or after July 1, 2013, if the municipality requires such a certificate under 24 V.S.A. chapter 117.

Sec. 7. 21 V.S.A. § 268 is amended to read:

§ 268. COMMERCIAL BUILDING ENERGY STANDARDS

(a) Definitions. ~~For purposes of~~ In this subchapter, “commercial buildings” means all buildings that are not residential buildings as defined in subdivision 266(a)(2) of this title or farm structures as defined in 24 V.S.A. § 4413.

\* \* \*

(3) With respect to a structure that is a mixed-use building that shares residential and commercial users:

(A) if the structure is three stories or fewer in height, the term “commercial building” shall include all commercial uses within the structure and all common areas and facilities that serve both residential and commercial uses; and

(B) if the structure is four stories or more in height, the term “commercial building” shall include all uses and areas within the structure.

\* \* \*

(d) Certification requirement

\* \* \*

(4) ~~A Provision of a certificate issued pursuant to~~ as required by subdivision (1) of this subsection and ~~of a certificate issued pursuant to~~ as required by subdivision (2) of this subsection shall be conditions precedent to:

(A) issuance by the ~~commissioner of public safety~~ Commissioner of Public Safety (or a municipal official acting under 20 V.S.A. § 2736) of any final occupancy permit required by the rules of the ~~commissioner of public safety~~ Commissioner of Public Safety for use or occupancy of a commercial building that is also a public building as defined in 20 V.S.A. § 2730(a); and

(B) issuance by a municipality of a certificate of occupancy for residential construction commencing on or after July 1, 2013, if the municipality requires such a certificate under 24 V.S.A. chapter 117.

Sec. 8. 21 V.S.A. § 269 is amended to read:

§ 269. COMPLIANCE PLAN

The ~~commissioner of public service~~ shall perform all of the following  
Commissioner of Public Service:

(1) ~~No later than September 1, 2011, shall~~ Shall issue a plan for achieving compliance with the energy standards adopted under this subchapter no later than February 1, 2017 in at least 90 percent of new and renovated residential and commercial building space. In preparing this plan, the department shall review enforcement mechanisms for building energy codes that have been adopted in other jurisdictions and shall solicit the comments and recommendations of one or more mortgage lenders; builders; building designers; architects; civil, mechanical, and electrical engineers; utility representatives; environmental organizations; consumer advocates; energy

efficiency experts; the attorney general; and other persons who are potentially affected or have relevant expertise.

(2) ~~No later than June 30, 2012, by means of administrative rules adopted in accordance with 3 V.S.A. chapter 25~~ May:

(A) Establish active training and enforcement programs to meet the energy standards adopted under this subchapter.

(B) Establish a system for measuring the rate of compliance each year with the energy standards adopted under this chapter. ~~Following establishment of this~~ If such a system is established, the commissioner Commissioner also shall provide for such annual measurement.

(C) Adopt administrative rules pursuant to 3 V.S.A. chapter 25 to implement this subdivision (2). To the extent the implementation of this subdivision (2) places obligations on persons outside the Department of Public Service, such obligations shall be by means of administrative rules.

Sec. 9. 24 V.S.A. § 4449 is amended to read:

§ 4449. ZONING PERMIT, CERTIFICATE OF OCCUPANCY, AND  
MUNICIPAL LAND USE PERMIT

(a) Within any municipality in which any bylaws have been adopted:

(1) No land development may be commenced within the area affected by the bylaws without a permit issued by the administrative officer. No permit may be issued by the administrative officer except in conformance with the

bylaws. When an application for a municipal land use permit seeks approval of a structure, the administrative officer shall provide the applicant with a copy of the building energy standards under 21 V.S.A. §§ 266 (residential building energy standards) and 268 (commercial building energy standards). However, the administrative officer need not provide a copy of the standards if the structure is a sign or a fence or the application certifies that the structure will not be heated or cooled.

(2) If the bylaws so adopted so provide, it shall be unlawful to use or occupy or permit the use or occupancy of any land or structure, or part thereof, created, erected, changed, converted, or wholly or partly altered or enlarged in its use or structure after the effective date of this chapter, within the area affected by those bylaws, until a certificate of occupancy is issued therefor by the administrative officer, stating that the proposed use of the structure or land conforms to the requirements of those bylaws. Provision of a certificate as required by 21 V.S.A. § 266 (residential building energy standards) or 268 (commercial building energy standards) shall be a condition precedent to the issuance of any such certificate of occupancy.

\* \* \*

Sec. 10. 10 V.S.A. § 6086(a)(9)(F) is amended to read:

(F) Energy conservation. A permit will be granted when it has been demonstrated by the applicant that, in addition to all other applicable criteria,

the planning and design of the subdivision or development reflect the principles of energy conservation ~~and~~, including reduction of greenhouse gas emissions from the use of energy; incorporate the best available technology for efficient use or recovery of energy; and comply with the applicable building energy standards under 21 V.S.A. § 266 or 268. The district commission may direct the use or installation of measures that result in greater energy efficiency than the measures required by the building energy standards if it determines such use or installation to be necessary or appropriate to reflect the principles of energy conservation or to incorporate the best available technology for efficient use or recovery of energy.

Sec. 11. RECODIFICATION; DESIGNATION

(a) 21 V.S.A. §§ 266, 267, 268, 269, and 270 are recodified respectively as 30 V.S.A. §§ 51, 52, 53, 54, and 55. During statutory revision, the Office of Legislative Council shall revise accordingly any references to these statutes contained in the Vermont Statutes Annotated. Any references in session law and adopted rules to these statutes as previously codified shall be deemed to refer to the statutes as recodified by this act.

(b) 30 V.S.A. chapter 2 is designated to read:

CHAPTER 2. BUILDING ENERGY

(c) Within 30 V.S.A. chapter 2, §§ 51–55 shall be within subchapter 1 which is designated to read:



Subchapter 1. Building Energy Standards

(d) Within 30 V.S.A. chapter 2, subchapter 2 is designated to read:

Subchapter 2. [Reserved.]

(e) Within 21 V.S.A. chapter 3, the designation of subchapter 9 (building energy standards) shall be deleted.

\* \* \* Voluntary Building Energy Disclosure \* \* \*

Sec. 12. DISCLOSURE TOOL WORKING GROUP; REPORTS

(a) The Department of Public Service shall convene a working group to develop a consistent format and presentation for an energy rating that an owner of a building may use to disclose the energy performance of the building or a unit within the building to another person, including a potential purchaser or occupant, or that a prospective purchaser or occupant of a building or unit within a building may use to compare the energy performance of multiple buildings or units. The Working Group shall develop or select one or more tools that can be used to generate the energy rating.

(b) The Working Group under this section shall include representatives of each entity appointed under 30 V.S.A § 209(d)(2), the Home Weatherization Assistance Program under 33 V.S.A. § 2502, and such other entities as the Commissioner of Public Service may determine are appropriate.

(c) The Working Group under this section shall consider the recommendations in the report to the General Assembly of the Building Energy Disclosure Working Group (Dec. 2011).

(d) On or before December 15, 2013, the Department of Public Service (the Department) shall report to the General Assembly in writing on the findings of the Working Group.

(e) On or before December 15, 2016, the Department shall further report to the General Assembly in writing on the development and use of disclosure tools under this section. This report shall:

(1) identify the tools selected or adopted by the Working Group under this subsection;

(2) describe the efforts made to disseminate the tools for public use;

(3) describe, to the extent feasible, the frequency of the tools' use, including their relative use by sector, such as residential or commercial, and the contexts in which the tools were used, such as property sale or lease;

(4) analyze and recommend whether building energy disclosure requirements should be made mandatory for one or more sectors and whether any such requirement should be met by all subject properties by a date certain or whether it should be triggered by an event such as time of sale or lease; and

(5) include the Department's proposed legislation to implement its recommendation under subdivision (4) of this subsection.

\* \* \* Other Changes to Title 30 \* \* \*

Sec. 13. 30 V.S.A. § 30 is amended to read:

§ 30. PENALTIES; AFFIDAVIT OF COMPLIANCE

(a)(1) A person, company, or corporation subject to the supervision of the ~~board or the department of public service~~ Board or the Department of Public Service, who refuses the ~~board or the department of public service~~ Board or the Department of Public Service access to the books, accounts, or papers of such person, company, or corporation within this ~~state~~ State, so far as may be necessary under the provisions of this title, or who fails, other than through negligence, to furnish any returns, reports, or information lawfully required by it, or who willfully hinders, delays, or obstructs it in the discharge of the duties imposed upon it, or who fails within a reasonable time to obey a final order or decree of the ~~board~~ Board, or who violates a provision of chapter 2, 7, 75, or 89 of this title, or a provision of section 231 or 248 of this title, or a rule of the ~~board~~ Board, shall be required to pay a civil penalty as provided in subsection (b) of this section, after notice and opportunity for hearing.

\* \* \*

Sec. 14. 30 V.S.A. § 8002(15) is amended to read:

(15) "Plant capacity" means the rated electrical nameplate for a plant, except that, in the case of a solar energy plant ~~that executes a standard offer~~

~~contract under this chapter~~, the term shall mean the aggregate AC nameplate capacity of all inverters used to convert the plant's output to AC power.

Sec. 15. 30 V.S.A. § 8015 is amended to read:

§ 8015. VERMONT CLEAN ENERGY DEVELOPMENT FUND

(a) Creation of fund.

(1) There is established the Vermont ~~clean energy development fund~~ Clean Energy Development Fund to consist of each of the following:

(A) The proceeds due the ~~state~~ State under the terms of the memorandum of understanding between the ~~department of public service~~ Department of Public Service and Entergy Nuclear VY and Entergy Nuclear Operations, Inc. that was entered under ~~public service board~~ Public Service Board docket 6812; together with the proceeds due the ~~state~~ State under the terms of any subsequent memoranda of understanding entered before July 1, 2005 between the ~~department of public service~~ Department of Public Service and Entergy Nuclear VY and Entergy Nuclear Operations, Inc.

(B) Any other monies that may be appropriated to or deposited into the ~~fund~~ Fund.

\* \* \*

(d) Expenditures authorized.

(1) Projects for funding may include, ~~and in the case of subdivision (1)(E)(ii) of this subsection shall include continuous funding for as long as funds are available,~~ the following:

\* \* \*

\* \* \* Low-Income Weatherization \* \* \*

Sec. 16. 33 V.S.A. § 2502 is amended to read:

§ 2502. HOME WEATHERIZATION ASSISTANCE PROGRAM

(a) The ~~director~~ Director of the ~~state office of economic opportunity~~ State Office of Economic Opportunity shall administer a ~~home weatherization assistance program~~ Home Weatherization Assistance Program under such rules, regulations, funding, and funding requirements as may be imposed by federal law.

(b) In addition, the ~~director~~ Director shall supplement, or supplant, any federal program with a ~~state home weatherization assistance program~~ State Home Weatherization Assistance Program.

(1) The state program shall provide an enhanced weatherization assistance amount exceeding the federal per unit limit allowing amounts up to an average of ~~\$6,000.00~~ \$8,000.00 per unit allocated on a cost-effective basis. In units where costs exceed the allowable average by more than 25 percent, prior approval of the ~~director~~ Director of the ~~state economic opportunity office~~

State Economic Opportunity Office shall be required before work commences.

This amount shall be adjusted annually by increasing the last year's amount by the percentage increase in the Consumer Price Index for the previous year.

(2) The state program shall provide amounts for ~~low-income~~ low-income customers utilizing any high operating cost fuel, to convert to another fuel source under rules adopted by the ~~director~~ Director based on the cost effectiveness of the converted facility over the life cycle of the equipment.

(3) The ~~director~~ Director, in collaboration with the weatherization service providers and other stakeholders, shall develop the state program so that it will include:

(A) Facilitating the development and implementation of a statewide common energy-audit tool or tools that work well on all Vermont housing, including multi-family buildings.

(B) With regard to multi-family buildings, requiring either of the following requirements to be met:

(i) at least 25 percent or more of the tenants in the building are eligible for the ~~weatherization program~~ Program; or

(ii) at least 50 percent of the units are weatherization affordable, and at least one tenant of the building has applied for the ~~weatherization program~~ Program and has been determined to be eligible. For purposes of this subdivision, "weatherization affordable" means a unit having a rent that is

established at less than 30 percent of the income level established by computing ~~60~~ 80 percent of the area median income level or ~~60~~ 80 percent of the ~~state~~ State median income level, whichever is higher, for the relevant household size. Relevant household size means the number of bedrooms in the unit, plus one.

(C) Establishing ~~program~~ Program eligibility levels at ~~60~~ 80 percent of the area median income, or ~~60~~ 80 percent of the ~~state~~ State median income, whichever is higher. Subject to the priority under section 2608 of this title given to participants in the Home Heating Fuel Assistance Program, the state program shall, when weighing factors to assign priority to buildings or units eligible for weatherization assistance, assign the greatest weight to those buildings and units that require the most Btus to heat a square foot of space.

\* \* \*

(G) With respect to multi-family buildings housing recipients of home heating fuel assistance under chapter 26 of this title, targeted outreach efforts to ensure the highest weatherization participation rates by owners of such buildings.

\* \* \*

\* \* \* Home Heating Fuel Assistance \* \* \*

Sec. 17. 33 V.S.A. § 2602 is amended to read:

§ 2602. ADMINISTRATION

\* \* \*

(d) The Secretary shall require that an applicant to the Home Heating Fuel Assistance Program submit the approximate number of square feet of the household's dwelling unit. For those households that receive a Home Heating Fuel Assistance benefit, the Secretary shall provide the dwelling unit square footage and each household's heating fuel consumption for the previous year to the Administrator of the Home Weatherization Assistance Program established under chapter 25 of this title.

Sec. 18. 33 V.S.A. § 2604 is amended to read:

§ 2604. ELIGIBLE BENEFICIARIES; REQUIREMENTS

\* \* \*

(b) Fuel cost requirements. ~~The secretary of human services~~ Secretary of Human Services or designee shall by procedure establish a table that contains amounts that will function as a proxy for applicant households' annual heating fuel cost for the previous year. The seasonal fuel expenditure estimates contained within such table shall closely approximate the actual home heating costs experienced by participants in the ~~home heating fuel assistance program~~ Home Heating Fuel Assistance Program. Data on actual heating costs



collected pursuant to section 2602(d) of this title shall be used in lieu of the proxy table when available. Such table shall be revised no less frequently than every three years based on data supplied by certified fuel suppliers, the ~~department of public service~~ Department of Public Service, and other industry sources to the office of home heating fuel assistance. The ~~secretary~~ Secretary or designee shall provide a draft of the table to the ~~home energy assistance task force~~ Home Energy Assistance Task Force established pursuant to subsection 2501a(c) of this title and solicit input from the task force prior to finalizing the table.

\* \* \*

Sec. 19. 33 V.S.A. § 2605 is amended to read:

§ 2605. BENEFIT AMOUNTS

(a) The ~~secretary of human services~~ Secretary of Human Services or designee shall by rule establish a table that specifies maximum percentages of applicant households' annual heating fuel costs, based on the proxy table established pursuant to subsection 2604(b) of this title and, when available, the data collected pursuant to subsection 2602(d) of this title, that can be authorized for payment as annual home heating fuel assistance benefits for the following year. The maximum percentages contained within this table shall vary by household size and annual household income. In no instance shall the percentage exceed 90 percent.

\* \* \*

Sec. 20. 33 V.S.A. § 2608 is amended to read:

§ 2608. WEATHERIZATION PROGRAM AGREEMENTS

The ~~director~~ Director of the ~~home energy assistance program~~ Home Energy Assistance Program shall inform the ~~administrator~~ Administrator of the ~~home weatherization assistance program~~ Home Weatherization Assistance Program, established under chapter 25 of this title, of all participants in the ~~home heating fuel assistance program~~ Home Heating Fuel Assistance Program and of the information required by subsection 2602(d) of this chapter. The ~~agency of human services~~ Agency of Human Services shall provide all participants in the ~~home heating fuel assistance program~~ Home Heating Fuel Assistance Program with information regarding the efficiency utility established under 30 V.S.A.

§ 209. All participants in the ~~home heating fuel assistance program~~ Home Heating Fuel Assistance Program shall be deemed to comply with any income requirements of the ~~home weatherization program~~ Home Weatherization Program, but to receive weatherization services, recipients shall be required to meet any other eligibility requirements of the ~~weatherization program~~ Home Weatherization Program. As a condition of receipt of benefits under the ~~home heating fuel assistance program~~ Home Heating Fuel Assistance Program, a recipient shall consent to receive services of the ~~home weatherization assistance program~~ Home Weatherization Assistance Program. The Home

Weatherization Assistance Program shall use the information required by subsection 2602(d) of this chapter to determine the number of British thermal units (Btus) needed to heat a square foot of space for each participant in the Home Energy Assistance Program. ~~The home weatherization assistance program~~ The Home Weatherization Assistance Program shall give the highest priority to providing services to participants ~~with high energy consumption~~ within the Home Heating Fuel Assistance Program and, among those participants, to those who require the most Btus to heat a square foot of space.

Sec. 21. FUEL PURCHASING; HOME HEATING FUEL ASSISTANCE

(a) Under 33 V.S.A. chapter 26 (home heating fuel assistance), a system of fuel purchasing shall be developed that ensures that the recipients of such assistance are offered the lowest possible fuel prices.

(b) On or before August 1, 2013, the Secretary of Human Services (the Secretary) shall adopt a revised system of fuel purchasing under 33 V.S.A. chapter 26 that meets the standard set forth in subsection (a) of this section.

(c) Prior to the Secretary's adoption of a revised system under subsection (b) of this section:

(1) The Secretary, in consultation with the Commissioner of Public Service (the Commissioner), shall propose a revised system that meets the standard set forth in subsection (a) of this section.

(2) The Secretary and the Commissioner jointly shall conduct a process to obtain public comment on the proposed system. This process shall include one or more public meetings, posting of the proposal on the web pages of the Office of Home Heating Fuel Assistance and of the Department of Public Service, and direct notice of the proposal to and solicitation of comments from affected persons and businesses, including fuel dealers, and low-income advocates. Direct notice of the proposal also shall be provided to the Chairs of the House Committees on Human Services and on Natural Resources and Energy and of the Senate Committees on Health and Welfare and on Natural Resources and Energy.

(3) The Secretary and the Commissioner shall provide monthly updates to the Chairs of the standing committees listed in subdivision (2) of this subsection on the progress of developing a revised system of fuel purchasing under this section.

(d) When the Secretary adopts a revised system of fuel purchasing under this section, the Secretary shall issue a written decision that:

(1) explains how the system meets the standard set forth in subsection (a) of this section;

(2) if the adopted system differs from the proposal required under subsection (c) of this section, identifies each such difference and explains the reason for the difference; and

(3) identifies each significant comment received during the public process required under subsection (c) of this section and the Secretary's response to the comment, including the reasons for the comment's acceptance or rejection.

\* \* \* Workforce Development \* \* \*

Sec. 22. WORKFORCE DEVELOPMENT WORKING GROUP; REPORT

(a) The Commissioner of Public Service (the Commissioner) shall convene the Thermal Energy Workforce Development Working Group (the Working Group). The Commissioner or designee shall chair the Working Group.

(b) The Working Group shall include the Secretary of Commerce and Community Development or designee, the Director of the Office of Economic Opportunity or designee, and representatives of such other entities as the Commissioner considers relevant.

(c) The Working Group shall consider options and methods to expand the capability and capacity of the workforce needed to meet the building efficiency goals of 10 V.S.A. § 581, including:

(1) the development of a database and portal of required skills and available training, by industry;

(2) ensuring that key training and certification programs are available in Vermont;

(3) the creation and delivery of a cross-market training program in energy efficiency business development;

(4) ensuring that energy efficiency service providers receive relevant training with respect to the health and safety of building occupants; and

(5) such other matters as the Commissioner considers relevant.

(d) On or before August 1, 2014, the Working Group shall submit a report to the General Assembly. The report shall:

(1) identify the members of the Working Group;

(2) detail the Working Group's consideration of the topics listed in subsection (c) of this section;

(3) provide the Working Group's recommendations on those topics and the reasons for the recommendations;

(4) classify each recommendation according to whether it requires legislative action, authorization by administrative rule or order, or may be accomplished within existing laws, rules, and orders; and

(5) provide the Working Group's proposed legislation for each recommendation that requires legislative action.

\* \* \* Vehicle Emissions \* \* \*

Sec. 23. 23 V.S.A. § 1043 is amended to read:

§ 1043. OPERATION OF NEIGHBORHOOD ELECTRIC VEHICLES;

~~VEHICLE SALES REQUIREMENTS~~

\* \* \*

(d) ~~Rules adopted under the provisions of 10 V.S.A. chapter 23 (air pollution control) shall not include a requirement for delivery or sales of electric vehicles that derive all of their power from batteries. [Repealed.]~~

\* \* \* Renewable Technologies for Heating and Cooling \* \* \*

Sec. 24. STUDY; RENEWABLES; HEATING AND COOLING

(a) The Department of Public Service in collaboration with the Agency of Natural Resources, the Department of Economic, Housing and Community Development, and the Agency of Agriculture, Food and Markets shall conduct and complete a study of the following:

(1) the opportunities for Vermonters to switch to technologies that efficiently use renewable energy as defined by 30 V.S.A. § 8002 for heating and cooling, including biomass, switchgrass pellet, and heat pump technologies, and the costs and benefits of switching to such technologies, including greenhouse gas reductions and job creation benefits;

(2) the factors that may inhibit development of efficient renewable heating and cooling technologies, including upfront capital costs, public knowledge about such technologies, public policies, regulatory standards, and the potential need for coordination among industries;

(3) ways to deal with these factors, including implementing policies that have been successful nationally and internationally to encourage heating and cooling technologies that use renewable energy efficiently;

(4) the strengths and weaknesses of the Vermont market for businesses that manufacture, sell, install, and service such renewable heating and cooling technologies;

(5) the potential for a rebate program to encourage residential bulk-delivery of biomass pellets;

(6) on-bill tariffed financing for efficient renewable heating and cooling technologies; and

(7) how technologies that efficiently use renewable energy for heating and cooling might be integrated into other statewide energy and efficiency programs.

(b) On or before December 15, 2013, the Department of Public Service shall submit its findings and recommendations, including its recommendations for legislative action, in a written report to the House and Senate Committees on Natural Resources and Energy.

#### Sec. 25. PUBLIC SERVICE BOARD; REVIEW OF

##### COST-EFFECTIVENESS SCREENING TOOL

On or before February 1, 2014, the Public Service Board shall conduct and complete a review of the costs and benefits of integrating the analysis of



renewable energy technologies for heating and cooling into the cost-effectiveness screening tool used by Vermont's energy efficiency utilities to compare the costs and benefits of specific energy efficiency investments pursuant to 30 V.S.A. § 209(d). The Board shall not conduct this review as a contested case under 3 V.S.A. chapter 25 but shall provide notice and an opportunity for written and oral comments to the public and affected parties and state agencies.

Sec. 26. 10 V.S.A. § 587 is added to read:

§ 587. PELLET STOVE EMISSIONS STANDARDS; REBATES

With respect to pellet stoves eligible for rebates and incentives funded by the State, the Secretary of Natural Resources shall determine, in consultation with pellet stove manufacturers, whether the standards under the Clean Air Act, 42 U.S.C. § 7401 et seq., are sufficient or whether the State should adopt more stringent standards for those pellet stoves. The Secretary shall make this determination in writing on or before November 1, 2013. If the Secretary determines that more stringent standards are appropriate, then by rule the Secretary shall adopt such standards on or before July 1, 2014.

\* \* \* Total Energy and Climate Change Reports \* \* \*

Sec. 27. 2012 Acts and Resolves No. 170, Sec. 13 is amended to read:

Sec. 13. TOTAL ENERGY; REPORT

(a) The ~~general assembly~~ General Assembly finds that, in the comprehensive energy plan issued in December 2011, the ~~department of public service~~ Department of Public Service recommends that Vermont achieve, by 2050, a goal that 90 percent of the energy consumed in the ~~state~~ State be renewable energy. This goal would apply across all energy sectors in Vermont, including electricity consumption, thermal energy, and transportation (total energy).

(b) The ~~commissioner of public service~~ Commissioner of Public Service shall convene an interagency ~~and stakeholder~~ working group to study and report to the ~~general assembly~~ General Assembly on policies and funding mechanisms that would be designed to achieve the goal described in subsection (a) of this section and the goals of 10 V.S.A. § 578(a) (greenhouse gas emissions) in an integrated and comprehensive manner.

(1) The study and report shall include consideration of:

~~(A)~~ A total energy standard that would work with and complement the mechanisms enacted in Secs. 3 (SPEED; total renewables targets) and 4 (SPEED; standard offer program) of this act.

~~(B) The development of an ongoing science-based education and public information campaign for residents of the state at all ages on climate change due to anthropogenic global warming, the potential consequences of climate change, and the ability to reduce or prevent those consequences by replacing greenhouse gas emitting energy sources with energy efficiency and renewable energy resources. The study and report shall also consider what specific programs and activities such a campaign would undertake.~~

(2) The group's study and report shall consider currently available reports that examine the economic impacts on the state economy of a total energy standard and of implementing the policies and funding mechanisms described in this subsection.

(3) The group's report shall include its recommended policy and funding mechanisms, its specific proposals for legislative action, and the reasons for the recommendations. The report shall be submitted to the ~~general assembly~~ General Assembly by December 15, 2013.

(c) Prior to submitting the report to the ~~general assembly~~ General Assembly, the group shall offer ~~an opportunity~~ multiple opportunities to submit information and comment to affected and interested persons such as chambers of commerce or other groups representing business interests, consumer advocates, energy efficiency entities appointed under Title 30, energy and environmental advocates, fuel dealers, educational institutions,

relevant state agencies, transportation-related organizations, and Vermont electric and gas utilities.

Sec. 28. CLIMATE CHANGE EDUCATION; REPORT

On or before December 15, 2013, the Secretary of Natural Resources (the Secretary) shall submit to the General Assembly a written report on existing resources and programs within the State regarding science-based education curricula or public information campaigns for residents of all ages on climate change due to anthropogenic global warming, the potential consequences of climate change, including economic consequences, and the ability to reduce or prevent those consequences by replacing greenhouse-gas-emitting energy sources with energy efficiency and renewable energy resources.

(1) When conducting the inventory of existing resources and programs to prepare the report, the Secretary shall consult with the Agency of Education, the Department of Public Service, the Vermont Energy Education Program, the Statewide Energy Education Program, Shelburne Farms, the Vermont Energy and Climate Action Network, and other interested stakeholders.

(2) The report may include discussion of resources and programs developed in other states that are relevant to the development of resources or programs in Vermont.

(3) The report shall include recommendations regarding a process to develop educational curricula, information campaigns, or other public

engagement that would further the achievement of the December 2011 Comprehensive Energy Plan's goal that by 2050 90 percent of the energy consumed in the State be renewable energy and the goals of 10 V.S.A. § 578(a) (greenhouse gas emissions). The report shall identify the Secretary's recommended legislative actions to achieve such curricula, campaigns, and other public engagement.

\* \* \* Thermal Efficiency Funding and Energy Savings; Report \* \* \*

Sec. 29. THERMAL EFFICIENCY FUNDING AND SAVINGS;

PUBLIC SERVICE BOARD REPORT

(a) On or before December 15, 2013, the Public Service Board shall conduct and complete a public process and submit a report to the House and Senate Committees on Natural Resources and Energy, the House Committee on Commerce and Economic Development, and the Senate Committee on Finance on the feasibility of applying a "system benefits charge" or similar charge to currently unregulated fuels as a stable and adjustable funding source for systematic investments to overcome economic or other barriers to the efficient use of unregulated fuels. In this section:

(1) "Regulated fuels" means electricity and natural gas delivered by a regulated utility.

(2) "Unregulated fuels" means all fuels used for heating and process fuel customers other than electricity and natural gas delivered by a regulated utility.

(b) During the process and in the report required by this section, the Board shall evaluate and make specific recommendations on each of the following:

(1) Whether there are barriers or inefficiencies in the markets for unregulated fuels that inhibit the efficient use of such fuels and that would justify implementation of a system benefits charge or similar charge to support delivery of energy efficiency services to those markets. The Board shall identify these barriers or inefficiencies and explain how they may or may not justify implementation of such a charge.

(2) If such a charge were imposed, how the charge should be assessed and administered and what legislative action would be necessary to implement the charge.

(3) If such a charge were imposed, the manner in which the General Assembly could ensure that funds generated from such a charge are not funds of the State and are exclusively reserved for investment in energy efficiency on behalf of customers.

(c) The report shall identify each specific legislative action needed to achieve its recommendations.

(d) The Board shall not conduct the public process under this section as a contested case under 3 V.S.A. chapter 25 but shall provide notice and an opportunity for written and oral comments to the public and affected parties and state agencies.

\* \* \* Electric Vehicles \* \* \*

Sec. 29a. ELECTRIC VEHICLES AND CHARGING STATIONS, STATE  
FLEET

(a)(1) On or before December 15, 2013, the Commissioner of Buildings and General Services (the Commissioner), after consultation with the Commissioners of Public Service and of Human Resources and any other person the Commissioner considers appropriate, shall complete a study and submit a written report to the House and Senate Committees on Natural Resources and Energy, the House Committee on Corrections and Institutions, and the Senate Committee on Institutions on the feasibility, benefits, and costs of installing electric vehicle charging stations in the vicinity of state facilities for use by state employees and by members of the public.

(2) The study and report required by this subsection shall include:

(A) recommendations for the installation of electric charging stations at state office buildings;

(B) proposed policies related to the use of charging stations by state employees and the visiting public and a proposed fee structure;

(C) identification of those recommendations requiring legislative action and proposed legislation to enact those recommendations; and

(D) any other findings or recommendations the Commissioner considers relevant.

(b)(1) On or before January 15, 2014, the Commissioner of Buildings and General Services, after consultation with the Secretary of Administration, the Commissioner of Public Service, and any other person the Commissioner considers appropriate, shall submit to the House and Senate Committees on Natural Resources and Energy, the House Committee on Corrections and Institutions, and the Senate Committee on Institutions a written plan for incorporating electric vehicles into the state fleet.

(2) The plan under this subsection shall include:

(A) a strategy and a target date for incorporating electric vehicles into the state fleet, including identifying which types of vehicles would or would not be suitable for conversion to plug-in electric drive vehicles; and

(B) a review of the current methods used for life-cycle cost analysis of the state fleet, including how to account for the costs of carbon dioxide emissions when considering environmental externalities.

(3) The plan under this subsection shall be deemed a part of the State Energy Plan under 3 V.S.A. § 2291 and, as part of the periodic readoption of the State Energy Plan, shall be integrated into that plan and updated.

(c) In this section, “electric vehicles” means plug-in hybrid vehicles and battery electric vehicles.



Sec. 29b. 3 V.S.A. § 2291 is amended to read:

§ 2291. STATE AGENCY ENERGY PLAN

\* \* \*

(c) The ~~secretary of administration~~ Secretary of Administration with the cooperation of the ~~commissioners of public service and of buildings and general services~~ Commissioners of Public Service and of Buildings and General Services shall develop and oversee the implementation of a state agency energy plan for state government. The plan shall be adopted by June 30, 2005, modified as necessary, and readopted by the ~~secretary~~ Secretary on or before January 15, 2010 and each sixth year subsequent to 2010. The plan shall accomplish the following objectives and requirements:

(1) To conserve resources, save energy, and reduce pollution. The plan shall devise strategies to identify to the greatest extent feasible, all opportunities for conservation of resources through environmentally and economically sound infrastructure development, purchasing, and fleet management, and investments in renewable energy and energy efficiency available to the ~~state~~ State which are cost effective on a life cycle cost basis.

(2) To consider state policies and operations that affect energy use.

(3) To devise a strategy to implement or acquire all prudent opportunities and investments in as prompt and efficient a manner as possible.

(4) To include appropriate provisions for monitoring resource and energy use and evaluating the impact of measures undertaken.

(5) To identify education, management, and other relevant policy changes that are a part of the implementation strategy.

(6) To devise a strategy to reduce greenhouse gas emissions. The plan shall include steps to encourage more efficient trip planning, to reduce the average fuel consumption of the state fleet, ~~and~~ to encourage alternatives to solo-commuting state employees for commuting and job-related travel, and to incorporate plug-in hybrid and battery electric vehicles into the state fleet if cost-effective on a life-cycle basis.

(7) To provide, where feasible, for the installation of renewable energy systems including solar energy systems, which shall include equipment or building design features, or both, designed to attain the optimal mix of minimizing solar gain in the summer and maximizing solar gain during the winter, as part of the new construction or major renovation of any state building. The cost of implementation and installation will be identified as part of the budget process presented to the ~~general assembly~~ General Assembly.

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#### Sec. 29c. PROMOTING THE USE OF ELECTRIC VEHICLES

(a) The Secretary of Natural Resources (“Secretary”), in consultation with the Secretary of Transportation, the Commissioner of Public Service, the

Commissioner of Taxes, and any other person the Secretary considers appropriate, shall study how to promote an expansion in the use of electric vehicles in Vermont consistent with achieving the State's greenhouse gas reduction goals set forth in 10 V.S.A. § 578. The study shall include consideration of:

(1) the costs and benefits to the State of its offering incentives for the purchase or sale of electric vehicles by consumers and businesses;

(2) the optimal siting of charging stations throughout the State and whether the State should subsidize or take other steps to facilitate the installation of charging stations;

(3) whether and how to couple electric vehicle charging stations with renewable electric generation resources;

(4) options to fund any cost to the State arising from recommendations under subdivisions (1)–(3) of this subsection;

(5) such other subjects the Secretary considers relevant.

(b) On or before December 15, 2013, the Secretary shall issue a written report of the findings of the study required under subsection (a) of this section and the Secretary's recommendations and the reasons for those recommendations to the House and Senate Committees on Natural Resources and Energy and the House and Senate Committees on Transportation. The report shall include the Secretary's recommendations on how to promote an

expansion in the use of electric vehicles. The report also shall identify those recommendations requiring legislative action and include the Secretary's proposed legislation to enact those recommendations.

(c) In this section, "electric vehicles" means plug-in hybrid vehicles and battery electric vehicles.

\* \* \* Effective Dates \* \* \*

Sec. 30. EFFECTIVE DATES

(a) The following shall take effect on passage: this section and Secs. 1 (findings); 2 (jurisdiction; general scope); 3 (appointed entities; initial plan; statutory revision); 12 (disclosure tool working group; reports); 18 (eligible beneficiaries; requirements); 19 (benefit amounts); 23 (vehicle sales requirements); 24 (study; renewables; heating and cooling); 27 (total energy; report); 28 (climate change education; report); 29 (thermal efficiency funding and savings; report); 29a (electric vehicles and charging stations; state fleet) and 29c (promoting the use of electric vehicles) of this act.

(b) The remaining sections of this act shall take effect on July 1, 2013.